



REGULAR MEETING OF THE RENT BOARD OF THE CITY OF RICHMOND

AGENDA
Wednesday, May 20, 2020

Link to Rent Board Meeting Agendas and Accompanying Materials:
www.ci.richmond.ca.us/3375/Rent-Board

Board Chair
Lauren Maddock

Board Vice Chair
Emma Gerould

Boardmembers
Alana Grice Conner
Virginia Finlay
Commieolla Duncan

ALL BOARDMEMBERS WILL PARTICIPATE VIA VIDEO OR TELECONFERENCE

**REFER TO PAGE 2 FOR INSTRUCTIONS ON HOW TO PARTICIPATE
BY COMPUTER, MOBILE DEVICE, OR PHONE AS A MEMBER OF THE PUBLIC**

CORONAVIRUS DISEASE (COVID-19) ADVISORY

<https://cchealth.org/coronavirus/pdf/COVID-19-Interim-Guidance-for-Social-Distancing.pdf>

On March 16, 2020, the Health Officer of Contra Costa County issued an Order through April 7, 2020, that directed that all individuals living in the County to shelter at their place of residence except that they may leave to provide or receive certain essential services or engage in certain essential activities and work for essential businesses and governmental services (the "Prior Shelter Order"). On March 31, 2020, the County issued Order No. HO-COVID19-03 superseding the Prior Shelter Order and extending certain terms of the Prior Shelter Order to increase social distancing, reduce person-to-person contact and extend the shelter-in-place order until 11:59 p.m. on May 3, 2020.

On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20, authorizing legislative bodies to hold public meetings via teleconferencing. Executive Order N-29-20 further provides that a legislative body that holds a meeting via teleconference and allows members of

the public to observe and address the meeting telephonically or otherwise electronically, consistent with notice and accessibility requirements as set forth in the Order, shall have satisfied any requirement that the body allow members of the public to attend the meeting and offer public comment. Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment. On March 19, 2020, Governor Newsom issued a statewide shelter in-place order.

DUE TO THE SHELTER IN PLACE ORDERS, and consistent with Executive Order N29-20, this meeting will utilize video/teleconferencing only.

How to observe and/or participate in the meeting from home:

By Computer, Tablet, or Mobile Device:

Step 1: Tune in to the videoconference at the following link:

<https://us02web.zoom.us/j/83041077508?pwd=RU5wVnhoaVgyWGJJPY2dzMHRRU1I1dz09>

Step 2: Enter the following password: rentboard

By Telephone:

Step 1: Dial (for higher quality, dial a number based on your current location):

US: +1 669 900 9128 or +1 253 215 8782 or +1 346 248 7799 or +1 646 558 8656
or +1 301 715 8592 or +1 312 626 6799

Step 2: Webinar ID: 830 4107 7508

International numbers available: <https://us02web.zoom.us/j/kcUJF0gChn>

How to make a Public Comment during the meeting:

Members of the public must submit a request to speak during the meeting by sending an email to Rent Board Clerk Cynthia Shaw at cynthia_shaw@ci.richmond.ca.us by **3:00 PM on Wednesday, May 20, 2020**. The request must include the following:

- (a) Your Name
- (b) Your Phone Number
- (c) The Item for which you wish to make a Public Comment

Requests for comments received via email during the meeting and up until the public comment period on the relevant agenda item is closed, will be accommodated as is reasonably possible and will be limited to a maximum of one to two minutes, depending on the number of commenters, as more fully described in the Rent Board meeting procedures below. The City cannot guarantee that its network and/or the site will be uninterrupted.

Accessibility for Individuals with Disabilities

Upon request, the City will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services and sign language interpreters, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting.

Requests should be emailed to cynthia_shaw@ci.richmond.ca.us or submitted by phone at (510) 620-5552. Requests made by mail to the Rent Program Office, Rent Board meeting, 440

Civic Center Plaza, Suite 200, Richmond, CA 94804 must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Effect of Advisory on In-Person Public Participation

During the pendency of the Executive Order N-29-20, the language in this Advisory portion of the agenda supersedes any language below in the meeting procedures contemplating in-person public comment.

NOTICE TO PUBLIC

The City of Richmond encourages community participation at public meetings and has established procedures that are intended to accommodate public input in a timely and time-sensitive way. As a courtesy to all members of the public who wish to participate in Rent Board meetings, please observe the following procedures:

Public Comment on Agenda Items: Persons wishing to speak on a particular item on the agenda shall file a speaker form with City staff PRIOR to the Rent Board's consideration of the item on the agenda. Once the clerk announces the item, only those persons who have previously submitted speaker forms shall be permitted to speak on the item. Each speaker will be allowed up to two minutes to address the Rent Board.

Public Forum: Individuals who would like to address the Rent Board on matters not listed on the agenda or on items remaining on the consent calendar may do so under Public Forum. All speakers must complete and file a speaker's card with City staff prior to the commencement of Public Forum. The amount of time allotted to individual speakers shall be determined based on the number of persons requesting to speak during this item. The time allocation for each speaker will be as follows: 15 or fewer speakers, a maximum of 2 minutes; 16 to 24 speakers, a maximum of 1 and one-half minutes; and 25 or more speakers, a maximum of 1 minute.

Conduct at Meetings: Richmond Rent Board meetings are limited public forums during which the City strives to provide an open, safe atmosphere and promote robust public debate. Members of the public, however, must comply with state law, as well as the City's laws and procedures and may not actually disrupt the orderly conduct of these meetings. The public, for example, may not shout or use amplifying devices, must submit comment cards and speak during their allotted time in order to provide public comment, may not create a physical disturbance, may not speak on matters unrelated to issues within the jurisdiction of the Rent Board or the agenda item at hand, and may not cause immediate threats to public safety.

City Harassment Policy: The City invites public comment and critique about its operations, including comment about the performance of its public officials and employees, at the public meetings of the City Council and boards and commissions. However, discriminatory or harassing comments about or in the presence of City employees, even comments by third parties, may create a hostile work environment, if severe or pervasive. The City prohibits harassment against an applicant, employee, or contractor on the basis of race, religious creed, color, national origin, ancestry, physical disability, medical condition, mental disability, marital status, sex (including pregnancy, childbirth, and related medical conditions), sexual orientation, gender identity, age or veteran status, or any other characteristic protected by federal, state or local law. In order to acknowledge the public's right to comment on City operations at public meetings, which could include comments that violate the City's harassment policy if such

comments do not cause an actual disruption under the Council Rules and Procedures, while taking reasonable steps to protect City employees from discrimination and harassment, City Boards and Commissions shall adhere to the following procedures. If any person makes a harassing remark at a public meeting that violates the above City policy prohibiting harassment, the presiding officer of the meeting may, at the conclusion of the speaker's remarks and allotted time: (a) remind the public that the City's Policy Regarding Harassment of its Employees is contained in the written posted agenda; and (b) state that comments in violation of City policy are not condoned by the City and will play no role in City decisions. If any person makes a harassing remark at a public meeting that violates the above City policy, any City employee in the room who is offended by remarks violating the City's policy is excused from attendance at the meeting. No City employee is compelled to remain in attendance where it appears likely that speakers will make further harassing comments. If an employee leaves a City meeting for this reason, the presiding officer may send a designee to notify any offended employee who has left the meeting when those comments are likely concluded so that the employee may return to the meeting. The presiding officer may remind an employee or any council or board or commission member that he or she may leave the meeting if a remark violating the City's harassment policy is made.

REGULAR MEETING OF THE RICHMOND RENT BOARD

AGENDA

5:00 PM

A. PLEDGE TO THE FLAG

B. ROLL CALL

C. STATEMENT OF CONFLICT OF INTEREST

D. AGENDA REVIEW

E. PUBLIC FORUM

F. RENT BOARD CONSENT CALENDAR

F-1. APPROVE the minutes of the April 15, 2020, Regular Meeting of the Richmond Rent Board. *Cynthia Shaw*

F-2. RECEIVE letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100. *Cynthia Shaw*

F-3. RECEIVE the April 2020 Rent Program Monthly Report. *Paige Roosa*

F-4. RECEIVE the Rent Program FY 2019-20 Monthly Revenue and Expenditure Report through April 2020. *Paige Roosa*

F-5. RECEIVE Comprehensive Annual Financial Reports for the fiscal years ending June 30, 2018, and June 30, 2019. *Nicolas Traylor
Paige Roosa*

G. PUBLIC HEARING

G-1. (1) RECEIVE an update on the Rent Program's collection efforts through the Rent Board's contract with Rash Curtis and Associates; (2) ADOPT proposed Fiscal Year 2020-21 Budget; (3) RECEIVE and APPROVE the Fiscal Year 2020-21 Rental Housing Fee Study; and (4) *Nicolas Traylor
Paige Roosa*

DIRECT staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure of \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units.

H. REGULATIONS

- H-1.** ADOPT emergency regulation 20-01 to: (1) Permit the conduction of hearing and appeals through telecommunications and/or videoconferencing; (2) Allow that any document tied to hearings and appeals be served by email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted. *Nicolas Traylor*

I. RENT BOARD AS A WHOLE

- I-1.** RECEIVE the 2019 Affordable Housing Report summarizing Low Income Housing Tax Credit (LIHTC) developments' compliance in Richmond and determine next steps in regards to LIHTC properties and their exemption under Regulation 202. *Nicolas Traylor
Paige Roosa
Erika Foster*

J. REPORTS OF OFFICERS

K. ADJOURNMENT

Any documents produced by the City and distributed to a majority of the Rent Board regarding any item on this agenda will be made available at the Rent Program Office located on the second floor of 440 Civic Center Plaza and will be posted at www.richmondrent.org.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: The minutes of the April 15, 2020, Regular Meeting of the Richmond Rent Board require approval.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☒ Other: <u>CONSENT CALENDAR</u>
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: APPROVE the minutes of the April 15, 2020, Regular Meeting of the Richmond Rent Board – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

F-1.

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RICHMOND, CALIFORNIA, April 15, 2020

The Regular Meeting of the Richmond Rent Board was called to order at 5:03 P.M. via videoconference.

On March 16, 2020, the Health Officer of Contra Costa County issued an Order through April 7, 2020, that directed that all individuals living in the County to shelter at their place of residence except that they may leave to provide or receive certain essential services or engage in certain essential activities and work for essential businesses and governmental services.

On March 17, 2020, Governor Gavin Newsom issued Executive Order N-29-20, authorizing legislative bodies to hold public meetings via teleconferencing.

Executive Order N-29-20 further provides that a legislative body that held a meeting via teleconference and allowed members of the public to observe and address the meeting telephonically or otherwise electronically, consistent with notice and accessibility requirements as set forth in the Order, shall have satisfied any requirement that the body allows members of the public to attend the meeting and offer public comment.

Such a body need not make available any physical location from which members of the public may observe the meeting and offer public comment. On March 19, 2020, Governor Newsom issued a statewide shelter-in-place order. The public was able to view the meeting using Zoom at the following link:

<https://us02web.zoom.us/j/814587641?pwd=V3dNTnhhdEhuU1V3N1VYUzNOB0pnUT09>
Password: rentboard

Or By Telephone:

US: +1 669 900 9128 or +1 346 248 7799 or +1 646 558 8656 or +1 253 215 8782 or +1 301 715 8592 or +1 312 626 6799

Webinar ID: 814 587 641

International numbers available: <https://us02web.zoom.us/j/814587641?pwd=V3dNTnhhdEhuU1V3N1VYUzNOB0pnUT09>

Community members who wished to make a public comment were required to submit their comments via email by 3:00 p.m. on Wednesday, April 15, 2020, to the Rent Board Clerk, Cynthia Shaw at cynthia_shaw@ci.richmond.ca.us, to be considered into the record.

PLEDGE TO THE FLAG

ROLL CALL

Boardmembers Present: Conner, Duncan, Vice Chair Gerould, and Chair Maddock.

Staff Present: Staff Attorney Charles Oshinuga, Deputy Director Paige Roosa and Executive Director Nicolas Traylor.

Absent: Boardmember Finlay.

STATEMENT OF CONFLICT OF INTEREST

None.

AGENDA REVIEW

On motion of Boardmember Conner, seconded by Chair Maddock, a recommendation to move Item F-2 from the Consent Calendar for discussion before Item I, under Rent Board as a Whole, passed by the following vote: **Ayes:** Boardmembers Conner, Duncan, Vice Chair Gerould and Chair Maddock. **Noes:** None. **Abstentions:** None. **Absent:** Boardmember Finlay.

PUBLIC FORUM

Vuong Phi, Richmond Landlord, addressed the Board with concerns regarding uncollected rent income for the months of April and May. She asked at what point Landlords will be able to proceed with the eviction if the Tenant continues not to pay rent. She also mentioned that her Tenant told her that her family does not benefit from the CARES Act for the one-time payment, nor do they qualify for unemployment benefits. She asked what would be her options.

Cordell Hindler commented by email, inviting the Board to attend the Contra Costa Mayors Conference on June 4th hosted by the City of Orinda. He recommended they contact the City Clerk's office to find out the venue. He also mentioned that he will speak with the President of the Richmond Neighborhood Coordinating Council to schedule an update regarding the Rent Program.

Sean S mentioned that there is a three prong system, the Landlord, Tenant and the Rent Board. He added the benefits of this Program is that it creates jobs for the city and provides protection for Tenants. He expressed concerns about what value does the

Rent Program bring to Landlords and what are the key performance indicators to measure the level of success for Landlords. He feels that Landlords pay a lot of money in taxes and hope that they can be greater appreciated during this process. He also feels that city should be responsible for collecting required documents from Tenants to determine if they are eligible to receive funds from the city to pay their rent obligation. He also feels that Landlords should be allowed to increase rents by a minimum of 15% for the upcoming fiscal year to cover expenses that Landlords are facing, such as refuse service, property taxes and other services within the city that is required to participate in to fund a business. He added that the 3% annual increase allowed is not enough to cover those costs and that Landlords are taking a substantial loss during this time. He also feels that it is a misconception that Landlords make a lot of money and noted that for the city to suggest that Tenants be allowed a six month loan, is cutting off Landlords pay to fund a city problem for housing. He also feels that we should all work together to find a solution.

RENT BOARD CONSENT CALENDAR

On motion of Boardmember Duncan, seconded by Boardmember Conner, the item(s) marked with an (*) were approved with Boardmember Finlay absent:

*F-1. Approve the minutes of the February 19, 2020, Regular Meeting of the Richmond Rent Board. ***This item was continued from the March 18, 2020, meeting.***

*F-3. Receive the February 2020 Rent Program Monthly Report. ***This item was continued from the March 18, 2020, meeting.***

*F-4. Receive the March 2020 Rent Program Monthly Report.

*F-5. Receive the Rent Program FY 2019-20 Monthly Revenue and Expenditure Report through February 2020. ***This item was continued from the March 18, 2020, meeting.***

STUDY AND ACTION SESSION

G-1. The matter to receive a draft Fiscal Year 2020-21 Rent Program budget and corresponding Rental Housing Fee study, including 10-year financial projections and financial recommendations prepared by Kevin W. Harper and Associates,

and provide direction to staff was presented by Deputy Director Paige Roosa. The presentation included the background, Rent Program's Mission Statement which included the impact and the importance of community stability, healthy housing and affordability for Richmond Tenants, organization and goals which included the proposed Rent Program organizational chart, goals for program development, outreach, program sustainability and compliance, proposed fiscal year 2020-21 budget that included a breakdown of the salaries and wages, benefits, professional and administrative services, travel and training, dues and publications, advertising and promotion, administrative expenses, office expenses, including postage and mailing, printing and binding, equipment rental, miscellaneous contributions and expenses, office supplies, utilities and supplemental insurance, cost pool and noncapital assets, financial projections and recommendations that included an expense and revenue summary, 10-year financial projection background, high-level and financial recommendations summary, and the draft fiscal year 2020-21 Rental Housing Fee Study which included an introduction and background, proposed fee structure and example services, applicable unit counts, proposed budget and rental housing fees, a comparison of proposed FY 2020-21 Rental Housing Fee to prior years, a comparison to peer jurisdictions, consideration of a 50% pass-through of the Rental Housing Fee, Pass-through policies in peer Rent Control jurisdictions, staff recommendations, and the recommended action. Discussion ensued. There were no public comments on this item. A motion by Boardmember Conner, seconded by Boardmember Duncan, to receive a draft Fiscal Year 2020-21 Rent Program budget and corresponding Rental Housing Fee study, including 10-year financial projections and financial recommendations prepared by Kevin W. Harper and Associates and direct staff to provide the Board a copy of the audit reports conducted by the city at the next Board meeting as an Item under the Consent Calendar, provide the Board a copy of the collections report to show amounts collected, to develop a policy for the accounting of reserves in the budget, and forego a discussion of drafting Regulations to pass through a portion of the Rental Housing fee to Tenants at this time, passed by the following vote: **Ayes:** Boardmembers Conner, Duncan, Vice Chair Gerould and Chair Maddock. **Noes:** None. **Abstentions:** None. **Absent:** Boardmember Finlay.

RENT BOARD AS A WHOLE

H-1. The matter to receive, discuss, and determine the method and format for future Rent Board meetings as it relates to the Coronavirus pandemic was presented by Executive Director

Nicolas Traylor. The presentation included the statement of the issue, background, Executive Order N-23-20, what the Order means, how the Board could handle Appeals and the recommended action. Discussion ensued. There were no public comments on this item. No formal action was taken on this item; however, the Board directed staff to develop a process to conduct hearings by Zoom or by teleconference and to accommodate participants who require translation. The Board also agreed to continue to conduct Rent Board meetings by Zoom until it is safe to meet in person.

F-2. The matter to receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100, was presented by Boardmember Conner. Boardmember Conner requested to remove this item from the Consent Calendar because she wanted to understand the process for responding to letters received from community members. Staff Attorney Charles Oshinuga responded to explain that any correspondence that is addressed to the Board may be responded to by the Board or they may direct staff to respond or pull the item from the Consent Calendar for further discussion by the Board. He also added that this process is addressed in the draft Rent Board Governance Regulations that was presented in a previous meeting. Executive Director Nicolas Traylor added that when correspondence is received from community members, he may respond or he will direct staff to respond. Deputy Director Paige Roosa also added that if correspondence is received addressed to the Rent Board, the Board Clerk sends a confirmation of receipt, informing the sender that their letter will be included in the next Rent Board Agenda Packet.

REPORTS OF OFFICERS

Deputy Director Paige Roosa gave a brief report to inform the public and note for the record that there is currently a prohibition on any Evictions for nonpayment of rent due to the financial impacts of COVID-19. She also added that Landlords are prohibited from evicting Tenants for any no fault eviction, such as Owner Move-In, Temporary Tenancy and Withdrawal from the Rental Market, unless it is necessary for the health and safety of the Tenants, neighbors or the Landlord. She also mentioned that the Rent Program is available to answer any questions from members of the public by calling us at 510-234-RENT (7368) or by email at rent@ci.richmond.ca.us. Executive Director Nicolas Traylor added that the Eviction Moratorium is not a reason for Tenants to forgo paying rent, Tenants are still required to pay rent when the Moratorium is lifted. He also mentioned that the Rent

Program will be available to assist Landlords and Tenants when the Moratorium is lifted to mediate repayment plans between Tenants and Landlords to avoid any conflicts or potential lawsuits. Staff Attorney Charles Oshinuga also added that he has been working with the City Attorney's Office on this Order and the Rent Program staff has been educating members of the public on the Moratorium that was passed. He also added that it is important to note that it is not the Rent Program's Order, and it is not the Rent Program's Moratorium, they were passed by the city and if there are any requests to make changes, the public should address their concerns to the City Council.

Boardmember Duncan asked Executive Director Nicolas Traylor to comment on a letter template that was mailed to Tenants about the impacts of COVID-19. Executive Director Nicolas Traylor responded that the Rent Program has done outreach to Landlords and Tenants about the Moratorium and staff has developed a letter template that the Tenant can assert that they cannot pay rent due to COVID-19-related reasons. He also added that the template is available on our website. He also mentioned that staff sent the template letter out to select Tenants who received eviction notices. He also mentioned that staff have done more targeted outreach to properties where ownership is still issuing eviction notices. He also added that we will be doing additional outreach, including working with KCRT TV to get a televised public service announcement issued, as well as working with Emergency Services to send out public announcements by telephone to make sure that everyone in Richmond is aware that the Moratorium exists.

ADJOURNMENT

There being no further business, the meeting adjourned at 6:59 P.M.

Cynthia Shaw and Mónica Bejarano
Staff Clerks

(SEAL)

Approved:

Lauren Maddock, Chair

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: Members of the community have sent letters to the Rent Board and Rent Program staff members. Staff members recommend letters that do not pertain to a specific item on the Rent Board agenda be included as consent items for consideration by the Rent Board.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☒ Other: <u>CONSENT CALENDAR</u>
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: RECEIVE letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100 – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

F-2.

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From: Kyan Natomas [eanatomas@gmail.com]
Sent: Thursday, April 16, 2020 4:01 PM
To: Rent Control
Subject: Attn: To all Rent board members

Just a FYI

Landlords are not responsible for Richmond resident's housing cost making up for 40% of there wage.

2 High School in Richmond have a 85% graduation rate however the test score typical range 80 - 120 points below the state's average. What proof you have that this students are learning a skill relevant to this job market?

What jobs do you think these residents qualify for that would pay them a livable wage? This seems like a social problem that only landlords are forced to bare. Landlord pay there property so we definitely know the funding for schools are available.

I guess from yesterday's presentation we are suppose to cater are rents around this concept. This make sense depending on who you ask.

Regards

Begin forwarded message:

From: Kyan Natomas <EANatomas@gmail.com>
Date: April 15, 2020 at 11:32:35 AM PDT
To: tom.butt@intres.com, ben_choi@ci.richmond.ca.us, natbates@comcast.net,
melvin_willis@ci.richmond.ca.us, jael_myrick@ci.richmond.ca.us
Subject: Meaningful leadership requested!

Dear Richmond Rent Board and Council Members,

I'm requesting that the of City of Richmond tap into any available emergency funds to help the renters meet their contractual obligation for rent. This would be a more balanced approach rather than making the landlords scapegoats for failed housing polices. I recognize we are in unprecedented times and renters who have truly been affected by COVID-19 virus need protection. A few Council members unwisely voted "YES" on a rental ordinance giving extensive protection and financial support under an already stringent State law. Both of which disregard landlords.

One solution would be to have renters borrow the money from the City of Richmond. Renters who fail to repay this money will forfeit the tenant protection under the City of Richmond Rent Ordinance. If the City of Richmond does not have these funds on hand why is there an expectation that landlords should have these funds on hand? Landlords provide a "service" in exchange for a monetary payment. Holding landlord's properties hostage without receiving

payment is an unfair practice and nothing more than a loophole to continue the attack on landlords.

The City should enforce accountability of the renters of Richmond by making renters upload documentation to the Richmond Rent Board website and having a legit approval process. The burden should not be placed solely on landlords to negotiate or determine what's appropriate documentation for rent deferment. This leads to confusion. This is not a good practice because it's subjective.

Giving a free loan and renters reduced rent for a 6-month period without any stipulations sends a terrible message to the renters of Richmond and penalizes landlords. Suggesting such a concept reveals the ignorance of the expenses that landlords will have to endure. Therefore, it is vital to have competent landlords involved in the rent board decisions. Having just a few mis-informed board members will not only cause a hardship for landlords, but it will eventually start hurting the renters of Richmond. If landlords are forced to provide free loans on behalf of the City of Richmond's residents. The City needs to intervene with a meaningful stimulus package.

Another solution would be to allow landlords for the fiscal 20-21 to increase all renters base rent by 15% as a means of funding this 6-month and possibly longer loan. Again, accountability from all is required to help during these times.

Unfortunately, there is misconception that all landlords have an abundance of money. When rent is collected landlords, bills are paid and what's leftover is the landlord's paycheck. You are basically asking landlords to forego a paycheck because someone else is experiencing a hardship. This logic is flawed and will lead to more challenge later for the City of Richmond.

Keeping honest renters in their rental units should always be in the forefront however it should not be clouded with the concept landlords are the only resource to make this happen. I'm sure you all would agree that landlords assume a large responsibility and financial risk by making apartments available to the residents of Richmond.

Lastly, can you imagine if the residents of Richmond could walk into a grocery store and pick out what they wanted and said I will pay you back in 6 months and then left the store? Think about what you are demanding landlord to do!

If nothing is done to alleviate these continued imposed responsibly many landlords will began changing their business models and or investing in other states that do not foster this idiocracy. I ask that you all be considerate of landlords and take meaningful action. The City of Richmond elected Official working together with Landlord and resident can do better.

Respectfully,

A Concerned Resident and Landlord

Cynthia Shaw

From: Ilona Clark <in70clark@gmail.com>
Sent: Tuesday, April 21, 2020 8:55 PM
To: Ben Choi; City Clerk Dept; Demnlus Johnson III; Eduardo Martinez; Jael Myrick; Melvin Willis; Nat Bates; Tom Butt - external; Trina Jackson; Cynthia Shaw; Paige Roosa; Emma Gerould; Lauren Maddock; Nicolas Traylor; Rent Program; Paul Cohen; Virginia Finlay
Subject: sewer rate increase comment for public comment

As you know, Richmond is rent controlled. This means rent increases are limited to the rate of inflation and no more except in rare circumstances under very specific conditions.

hiking rates for rentals whether they are single family homes or multiplexes, in a climate, such as this which severely curtails rent increases further gouges housing providers and represents an unconstitutional taking according to federal law.

Please permit housing providers to pass through the rate increases to renters at cost so that the burden of increased costs is not borne by property owners alone.

thank you for your consideration.

Ilona Clark
AURHP

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A mistake that makes you humble is better than an achievement that makes you arrogant

Cynthia Shaw

From: Douglas Deaver <52deaver@gmail.com>
Sent: Tuesday, April 21, 2020 9:43 PM
To: aurhpinfo+owners@googlegroups.com
Cc: Ben Choi; City Clerk Dept; Demnlus Johnson III; Eduardo Martinez; Jael Myrick; Melvin Willis; Nat Bates; Tom Butt - external; Trina Jackson; Cynthia Shaw; Paige Roosa; Emma Gerould; Lauren Maddock; Nicolas Traylor; Rent Program; Paul Cohen; Virginia Finlay
Subject: Re: sewer rate increase comment for public comment

6 months free loan for every month of shelter in place. If it last 4 months property owners give 2 years free loan. That is a plan?

On Tue, Apr 21, 2020 at 8:52 PM Ilona Clark <in70clark@gmail.com> wrote:

As you know, Richmond is rent controlled. This means rent increases are limited to the rate of inflation and no more except in rare circumstances under very specific conditions.

hiking rates for rentals whether they are single family homes or multiplexes, in a climate, such as this which severely curtails rent increases further gouges housing providers and represents an unconstitutional taking according to federal law.

Please permit housing providers to pass through the rate increases to renters at cost so that the burden of increased costs is not borne by property owners alone.

thank you for your consideration.

Ilona Clark
AURHP

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A mistake that makes you humble is better than an achievement that makes you arrogant

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You received this message because you are subscribed to the Google Groups "AURHP" group.

To unsubscribe from this group and stop receiving emails from it, send an email to

aurhpinfo+unsubscribe@googlegroups.com.

To view this discussion on the web visit

<https://groups.google.com/d/msgid/aurhpinfo/CAGSztMUSJ3MopDyv0%2Bv7CHsOPYKgGyfvJPSWec-nbxRhN%2Ba4VQ%40mail.gmail.com>.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. Staff members find it timely to begin producing such reports on a monthly basis.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☒ Other: <u>CONSENT CALENDAR</u>
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: RECEIVE the April 2020 Rent Program Monthly Report - Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

F-3.

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MEMORANDUM

TO: Executive Director Traylor and Members of the Rent Board

FROM: Paige Roosa, Deputy Director

DATE: May 20, 2020

SUBJECT: APRIL 2020 MONTHLY ACTIVITY REPORT

Introduction

The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. It is anticipated that the format, content, and detail of this report will evolve over time. Feedback concerning this report may be submitted via email to rent@ci.richmond.ca.us or by calling (510) 234-RENT (7368).

April Agency Highlights

Like March, the month of April was a considerably unique one for the Rent Program team and the nation in light of the COVID-19 pandemic and the extension of the mandated Shelter at Home orders. All Rent Program staff continue to carry out all job functions remotely, which presents us with both challenges and opportunities. The content below highlights our activities for the month.

Rent Program staff members continue to educate the Richmond community about the City's emergency orders and the impacts on Landlord and Tenant rights and responsibilities.

The demand for services remains constant, with the Rent Program leading community education efforts about the original [Order 29-20](#) prohibiting residential evictions and the [Supplemental Order 34-20](#), which extends eviction protections to commercial tenants and prohibits the issuance of rent increases through May 31, 2020, or any extension of the local emergency. These educational efforts include the development and continual maintenance and updating of a [Coronavirus \(COVID-19\) and Rentals: What Richmond Tenants and Landlords Need to Know fact sheet](#) as well as a Letter Template for Tenants to use to inform their Landlord of their inability to pay rent due to the financial impacts of COVID-19 in [English](#) and [Spanish](#). Staff Attorneys Charles Oshinuga and Palomar Sanchez have continued to collaborate with staff in the City Attorney's Office to develop and enforce both the original and supplemental orders.

CITY OF RICHMOND RENT PROGRAM	
Para español, vea página 4 CORONAVIRUS (COVID-19) AND RENTALS: WHAT RICHMOND TENANTS AND LANDLORDS NEED TO KNOW EMERGENCY ORDER PROHIBITING RENT INCREASES AND/OR EVICTIONS FOR RESIDENTIAL AND COMMERCIAL TENANTS Last modified: May 4, 2020 11:00 AM PST	
A local state of emergency exists in Contra Costa County.	On March 10, 2020, the Contra Costa County Board of Supervisors and Contra Costa Health Services declared a local emergency and local public health emergency to aid the regional healthcare and governmental community in responding to COVID-19.
The Contra Costa County Superior Court closed all locations beginning Monday, March 16, 2020.	On March 13, 2020, to respond to the unique and continuing public health and safety challenges presented by COVID-19, the Contra Costa County Superior Court closed at all locations beginning Monday, March 16, 2020.
The Director of Emergency Services declared a local emergency in Richmond.	On March 17, 2020, the City Manager, in her role as the Director of Emergency Services, proclaimed the existence of a local emergency pursuant to Chapter 2.20 of the Richmond Municipal Code to ensure the availability of mutual aid and an effective City response to COVID-19, and issued an Order prohibiting certain types of evictions for residential tenants.

Public Information Unit staff members continued to educate the community on City Orders through the use of social media platforms.

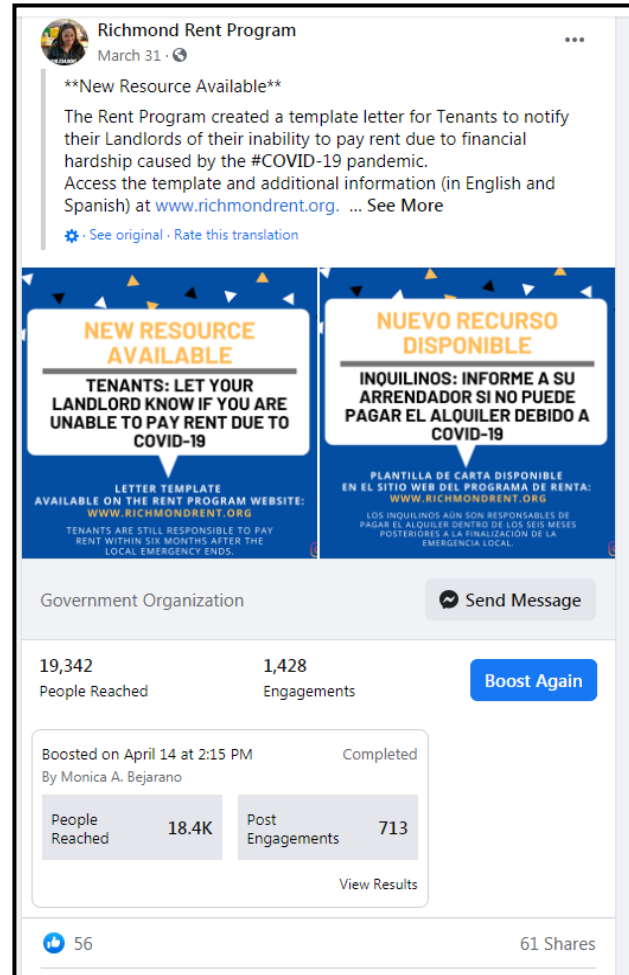
In an effort to reach as much of the Richmond community as possible, Rent Program staff members have been utilizing the “boost” features available on Facebook to broaden our educational impact. This function has proved successful, with the numbers of community members contacting Rent Program staff for assistance rising with the spread of such social media posts. The image above illustrates this impact: our post concerning the Letter Template developed for Tenants to use to inform Landlords of their inability to pay rent due to the financial impacts of COVID-19 reached 19,324 people, received 56 likes, and was shared by Facebook users 61 times; our greatest social media engagement yet.

Rent Program staff members collaborated with staff in the Community Development Department to establish a Rent Assistance Fund.

The need for monetary rent assistance for Richmond tenants was well-established prior to the financial impact of the COVID-19 pandemic; today, the need for such a resource is greater than ever. To that end, Executive Director Nicolas Traylor, Analyst Magaly Chavez, Intern Sarah Schaff, and I worked collaboratively with Community Development Director Lina Velasco and Development Project Manager Charice Duckworth throughout the month of April to create promotional materials communicating the need for a Rent Assistance Fund in Richmond, envision the administration of the fund, and devise a fundraising strategy. It is anticipated that the Rent Assistance Fund will be contained within the larger [Richmond Rapid Response Fund \(R3F\)](#), which is now accepting donations and is anticipated to begin providing disbursements in May to assist Richmond residents in six priority areas, including:

- Economic Recovery and Security
- Food and Essential Supplies
- Housing and Homelessness
- Health and Healing
- Social and Legal Services
- Education and Learning

The promotional infographic supporting the need for a Rent Assistance Fund is contained on the following page. Staff members look forward to continuing to make progress on this important endeavor.



RENT ASSISTANCE

Rent Assistance funds provide emergency support for struggling households. It is a necessary aid for renters in Richmond facing financial hardships caused by the COVID-19 crisis.



Since 2015, income hasn't kept pace with housing costs for renters.

MEDIAN HOUSEHOLD INCOME FOR RENTERS IN RICHMOND BETWEEN 2015-2018

2015: \$46,806
2018: \$50,922 **+9%**

MEDIAN HOUSING COSTS FOR RENTERS IN RICHMOND BETWEEN 2015-2018

2015: \$1,379
2018: \$1,572 **+14%**

Source: American Community Survey Table S2902, 2015-2018; 2015 figures have been adjusted for inflation to 2018 dollars.

POVERTY RATES

7.7%

Poverty rate in Contra Costa County

13.8%

Poverty rate in Richmond

Source: ACS Table S1701, 2018, 1-yr estimate, California Department of Education 2019

MANY HOUSEHOLDS IN RICHMOND ARE COST-BURDENED.

Cost-burdened households are those that spend more than 30% of their monthly income on rent.

According to the American Community Survey, in 2018 the percentage of cost-burdened households in Richmond was approximately 40%. About 25% spend over 50% of their monthly income on rent.

Source: ACS Table S2902, 2018, 1-yr estimate

96%

of the 4,211 eviction notices filed in FY 18-19 with the Rent Program were for nonpayment of rent.

Source: Richmond Rent Program, 2019

70.1%

of students in West Contra Costa Unified School District were eligible for a free or reduced school lunch in 2019.

Source: California Department of Education 2019

IMPACT OF COVID-19 ON UNEMPLOYMENT

As of April 28th, 2020,

11,028 unemployment insurance claims have been filed by Richmond residents since January 4th, 2020.

10,161 of those claims have been filed since the Shelter-At-Home order.

Employment Development Department, 2020

Unemployment Rate in Richmond in February 2020:

3.3%

Unemployment Rate in Richmond as of April 4th, 2020:

17%

Employment Development Department, City of Richmond, 2020

Summary of ActivitiesI. Department Unit Activities

PUBLIC INFORMATION UNIT	<i>Occurrences</i>
Persons Assisted By Front Office Unit (<i>without referral to an Analyst</i>)	183
Total Consultations Provided by a Rent Program Services Analyst	400
Calls Received (<i>Phone Counseling Sessions</i>)	206
Emails Received	194
Total Consultations Provided in a Language other than English	93
Consultations Provided in Spanish	93
Legal Service Referral Forms Completed	2
Courtesy Compliance Letters Mailed	30
Community Workshop Attendees (04/18/2020) <i>Security Deposits- Rights and Responsibilities: Cancelled</i>	N/A
Total Hard Copy Notices Processed	11
Hard Copy Rent Increase Notices Processed	6
Hard Copy Termination of Tenancy Notices Processed	5

BILLING AND REGISTRATION UNIT	<i>Occurrences</i>
Total Consultations with a Billing and Registration Unit Staff Member	53
Phone Call Consultations	16
Email Consultations	37
Enrollment Forms Processed	36
Invoices Generated	2
Payments/Checks Processed	27
Compliance Actions (<i>reviewing records, exemption statuses, owner addresses</i>)	1
Rental Units Discovered (<i>not in database, but in existence</i>)	1
Property Information Updated	183
Total Monthly Revenue Collected (04/01/2020 – 04/30/2020)	\$39,135
Total Revenue Collected in FY 2019-20 (<i>through 04/30/2020</i>)	\$2,629,753
Total Revenue Collected in FY 2018-19	\$2,189,836
Total Revenue Collected in FY 2017-18	\$2,173,778

LEGAL UNIT	<i>Occurrences</i>
Public Records Act Requests Received	3
Subpoenas Received	1

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HEARINGS UNIT	Occurrences
Total Consultations with Hearings Unit Coordinator	8
Calls/Placed Received (<i>Regarding Hearings and Petitions</i>)	1
Emails Sent/Received (<i>Regarding Hearings and Petitions</i>)	7
Total Landlord Petitions Received	0
Total Tenant Petitions Received	0
Total Number of Pending Petition Cases (<i>"Pending Petition Cases" are defined as those awaiting an objection response, a decision is pending, a decision has been issued with an appeal deadline approaching, or where an upcoming hearing has been scheduled</i>)	25
Pending Tenant Petitions (<i>As of May 14, 2020</i>)	21
Pending Landlord Petitions (<i>As of May 14, 2020</i>)	4

II. Online Notices Filed with the Rent Program

<i>Type of Form</i>	<i>Monthly Submissions/ Notices Filed</i>	<i>Prior Month Total</i>	<i>% Change from Prior Month</i>
Agent Authorization	0	0	N/A
Proof of Excess Rent Refund	0	0	N/A
Proof of Permanent Relocation Payment	2	3	(-33.3%)
Proof of Temporary Relocation Payment	0	0	N/A
Change in Terms of Tenancy Notices Filed	0	3	-100%
Rent Increase Notices Filed	25	73	(-65.8%)
Termination Notices Filed ¹	30	151	(-80.1%)
<i>Applicable Just Cause for Eviction – Nonpayment of Rent</i>	26	143	(-81.8%)
<i>Applicable Just Cause for Eviction – Breach of Lease</i>	3	3	N/A
<i>Applicable Just Cause for Eviction- Withdrawal from Rental Market</i>	0	1	-100%
<i>Applicable Just Cause for Eviction – Owner Move In</i>	0	3	-100%
<i>Applicable Just Cause for Eviction - Nuisance</i>	1	0	N/A
Total Online Form Submissions	57	230	(-75.2%)

¹ Note: Termination Notices filed with the Rent Program does not indicate the number of Unlawful Detainer (eviction) lawsuits filed in court. In some cases, the Tenant may cure the issue for the notice (e.g. Tenant pays the rent that is due) and the eviction process is not initiated.

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: The Rent Program receives monthly variance reports from the City of Richmond Finance Department. These reports provide useful information on the Rent Program's revenues and expenditures throughout the fiscal year. Finance Department staff members have agreed to provide these reports to staff on a schedule that will permit them to be included in the agenda for the Rent Board's regularly scheduled meetings.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☒ Other: <u>CONSENT CALENDAR</u>
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: RECEIVE the Rent Program FY 2019-20 Monthly Revenue and Expenditure Report through April 2020 – Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

F-4.

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Rent Program
FY2019-20 Monthly Revenue and Expenditure Report

				Per 1	Per 2	Per 3	Per 4	Per 5	Per 6	Per 7	Per 8	Per 9	Per 10	Per 11	Per 12				
				Jul-2019	Aug-2019	Sept-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-20	Mar-20	Apr-20	May-20	June-20				
CHARACTER	OBJECT		ORIGINAL BUDGET	REVISED BUDGET	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	MTD ACTUAL	ENCUMBRANCES	YTD TOTAL	AVAILABLE BUDGET	% USED
34	LICENSES, PRMITS&FEES	340445	FEES/Admin Fees	(2,923,584.00)	(2,923,584.00)	(48,187.00)	(44,282.00)	(763,258.40)	(1,078,884.70)	(329,458.51)	(88,852.64)	(48,067.50)	(102,702.04)	(86,925.40)	(39,135.00)		(2,629,753.19)	(293,830.81)	89.9%
			TOTAL LICENSES, PRMITS&FEES	(2,923,584.00)	(2,923,584.00)	(48,187.00)	(44,282.00)	(763,258.40)	(1,078,884.70)	(329,458.51)	(88,852.64)	(48,067.50)	(102,702.04)	(86,925.40)	(39,135.00)		(2,629,753.19)	(293,830.81)	89.9%
36	INTEREST INCOME	361701	INT & INVEST/Pooled-All Other					(405.09)	(405.09)			(4,796.39)			(4,261.81)	-	(9,463.29)	9,463.29	100.0%
			TOTAL INTEREST INCOME	-	-	-	-	-	(405.09)	-	-	(4,796.39)	-	-	(4,261.81)	-	(9,463.29)	9,463.29	100.0%
TOTAL REVENUE				(2,923,584.00)	(2,923,584.00)	(48,187.00)	(44,282.00)	(763,258.40)	(1,079,289.79)	(329,458.51)	(88,852.64)	(52,863.89)	(102,702.04)	(86,925.40)	(43,396.81)	-	(2,639,216.48)	(284,367.52)	90.3%
40	SALARIES AND WAGES	400001	SALARIES & WAGES/Executive	638,840.00	638,840.00	45,721.34	45,721.34	46,161.77	57,291.13	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34		528,419.62	110,420.38	82.7%
40	SALARIES AND WAGES	400002	SALARIES & WAGES/Mgmt-Local 21	328,471.00	328,471.00	25,855.14	25,990.20	25,450.00	25,217.18	20,546.80	20,681.85	27,336.55	23,941.91	20,478.58	19,184.38		234,682.59	93,788.41	71.4%
40	SALARIES AND WAGES	400003	SALARIES & WAGES/Local 1021	193,710.00	193,710.00	6,159.36	5,359.52	5,359.52	5,359.52	14,620.74	14,753.73	16,540.95	15,832.70	15,832.70	18,832.70		118,651.44	75,058.56	61.3%
40	SALARIES AND WAGES	400006	SALARIES & WAGES/PT- Temp			2,437.82	5,474.22	5,797.13	6,944.06	4,714.16	2,819.75	1,948.20	3,168.38	3,219.64	1,599.57		38,122.93	(38,122.93)	100.0%
40	SALARIES AND WAGES	400031	OVERTIME/General		5,000.00	525.26	184.56	606.65	490.35	287.50	-						2,094.32	2,905.68	100.0%
40	SALARIES AND WAGES	400048	OTHER PAY/Bilingual Pay	7,457.00	7,457.00	508.27	497.16	497.16	507.02	1,455.82	490.90	726.30	1,005.69	913.22	887.34		7,488.88	(31.88)	100.4%
40	SALARIES AND WAGES	400049	OTHER PAY/Auto Allowance	4,200.00	4,200.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00		3,500.00	700.00	83.3%
40	SALARIES AND WAGES	400050	OTHER PAY/Medical- in Lieu of	2,400.00	2,400.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00	100.00				1,500.00	900.00	62.5%
40	SALARIES AND WAGES	400079	COMP ABSENCES/WC-Prof-Mgt-Tec			810.30	675.24	1,215.44	1,080.40	270.10	135.05	135.05	1,006.64				5,328.22	(5,328.22)	100.0%
TOTAL SALARIES AND WAGES				1,175,078.00	1,180,078.00	82,567.49	84,452.24	85,637.67	97,439.66	98,032.46	95,018.62	102,824.39	100,992.66	96,381.48	96,441.33	-	939,788.00	240,290.00	79.6%
41	FRINGE BENEFITS	400103	P-ROLL BEN/Medicare Tax-ER Shr	15,560.00	15,560.00	1,212.88	1,228.09	1,249.79	1,427.80	1,425.19	1,382.93	1,527.72	1,467.82	1,421.82	1,401.85		13,745.89	1,814.11	88.3%
41	FRINGE BENEFITS	400105	P-ROLL BEN/Health Insurance Be	196,647.00	196,647.00	12,634.32	12,634.32	10,631.48	12,172.12	12,942.44	11,215.36	11,215.36	11,215.36	11,215.36	11,215.36		117,091.48	79,555.52	59.5%
41	FRINGE BENEFITS	400106	P-ROLL BEN/Dental Insurance	17,736.00	17,736.00	1,231.50	1,231.50	1,108.35	1,354.65	1,600.95	1,477.80	1,477.80	1,354.65	1,354.65	1,354.65		13,546.50	4,189.50	76.4%
41	FRINGE BENEFITS	400109	P-ROLL BEN/Employee Assistance	528.00	528.00	36.40	36.40	32.76	40.04	47.32	43.68	43.68	40.04	40.04	40.04		400.40	127.60	75.8%
41	FRINGE BENEFITS	400110	P-ROLL BEN/Professional Dev-Mg	6,750.00	6,750.00	823.99		312.75	750.00		98.31	750.00		1,436.61			4,171.66	2,578.34	61.8%
41	FRINGE BENEFITS	400111	P-ROLL BEN/Vision	2,316.00	2,316.00	161.00	161.00	144.90	177.10	209.30	193.20	193.20	177.10	177.10	177.10		1,771.00	545.00	76.5%
41	FRINGE BENEFITS	400112	P-ROLL BEN/Life Insurance	5,752.00	5,752.00	476.69	295.36	286.66	363.53	354.98	346.28	346.28	318.19	318.19	318.19		3,424.35	2,327.65	59.5%
41	FRINGE BENEFITS	400114	P-ROLL BEN/Long Term Disabilit	12,342.00	12,342.00	759.77	766.30	753.23	904.72	885.18	873.75	961.44	872.93	872.93	872.93		8,523.18	3,818.82	69.1%
41	FRINGE BENEFITS	400116	P-ROLL BEN/Unemployment Ins	5,472.00	5,472.00	456.00	494.00	494.00	570.00	570.00	532.00	494.00	494.00	494.00	418.00		5,016.00	456.00	91.7%
41	FRINGE BENEFITS	400117	P-ROLL BEN/Personal/Prof Dev	2,250.00	2,250.00							1,492.81					1,492.81	757.19	66.3%
41	FRINGE BENEFITS	400121	P-ROLL BEN/Worker Comp-Clerica	11,943.00	11,943.00	724.27	505.27	535.07	640.95	1,289.93	1,204.50	1,124.05	1,236.68	1,241.41	1,091.88		9,594.01	2,348.99	80.3%
41	FRINGE BENEFITS	400122	P-ROLL BEN/Worker Comp-Prof	64,809.00	64,809.00	4,795.64	4,804.68	4,797.99	5,792.77	5,100.96	5,110.01	5,555.88	5,328.45	5,096.40	5,009.69		51,392.47	13,416.53	79.3%
41	FRINGE BENEFITS	400124	P-ROLL BEN/CON-MEDICL EE Share	(12,000.00)	(12,000.00)												-	(12,000.00)	0.0%
41	FRINGE BENEFITS	400127	P-ROLL BEN/OPEB	34,731.00	34,731.00	3,319.21	3,188.76	3,206.83	3,810.28	3,733.41	3,793.54	4,056.06	3,952.58	3,769.24	3,716.16		36,546.07	(1,815.07)	105.2%
41	FRINGE BENEFITS	400130	P-ROLL BEN/PARS Benefits			17.60	39.36	46.85	58.18	57.56	36.67	25.33	41.20	41.87	20.79		385.41	(385.41)	100.0%
41	FRINGE BENEFITS	400131	P-ROLL BEN/CON-OPEB-EE Share	(9,600.00)	(9,600.00)												-	(9,600.00)	0.0%
41	FRINGE BENEFITS	400149	P-ROLL BEN/PERS-Misc	152,604.00	152,604.00	10,605.24	10,423.59	10,576.58	12,005.22	12,116.37	11,969.35	13,102.61	12,717.07	12,121.22	11,948.82		117,586.07	35,017.93	77.1%
41	FRINGE BENEFITS	400151	P-ROLL BEN/PERS-Misc (UAL)	232,068.00	232,068.00	18,545.34	16,859.40	16,859.40	18,545.34	21,917.22	21,917.22	20,231.28	20,231.28	18,545.34	18,545.34		192,197.16	39,870.84	82.8%
TOTAL FRINGE BENEFITS				739,908.00	739,908.00	55,799.85	52,668.03	51,036.64	58,612.70	62,250.81	60,194.60	62,597.50	59,447.35	58,146.18	56,130.80	-	576,884.46	163,023.54	78.0%
42	PROF & ADMIN SERVICES	400201	PROF SVCS/Professional Svcs	43,500.00	49,175.00					4,938.95	4,000.91	493.66	471.48	66.30			13,449.84	49,125.00	99.9%
42	PROF & ADMIN SERVICES	400206	PROF SVCS/Legal Serv Cost	215,000.00	210,000.00		10,416.00	10,416.00	22,916.00	22,916.00	10,416.00	22,916.00		33,332.00	10,416.00		56,256.00	200,000.00	95.2%
42	PROF & ADMIN SERVICES	400242	TRAVEL & TRNG/Mileage	1,000.00	1,000.00							17.07					17.07	982.93	1

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: Each year, the City of Richmond contacts with a third party consultant to conduct a financial audit, the results of which are presented in the City's annual Comprehensive Annual Financial Reports (CAFRs). Since the Rent Program is considered a Special Revenue Fund for financial purposes within the City's total finances, the Rent Program has been part of the City's annual financial audits. The purpose of this item is to provide the Rent Board with historical audit documents since the fiscal year ending June 30, 2018, the first full fiscal year of the Rent Program's existence.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☒ Other: <u>CONSENT CALENDAR</u>
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: RECEIVE Comprehensive Annual Financial Reports for the fiscal years ending June 30, 2018, and June 30, 2019 – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

AGENDA ITEM NO:

F-5.

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AGENDA REPORT

DATE: May 20, 2020

TO: Chair Maddock and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director

SUBJECT: RENT PROGRAM FINANCIAL AUDITS

STATEMENT OF THE ISSUE:

Each year, the City of Richmond contacts with a third party consultant to conduct a financial audit, the results of which are presented in the City's annual Comprehensive Annual Financial Reports (CAFRs). Since the Rent Program is considered a Special Revenue Fund for financial purposes within the City's total finances, the Rent Program has been part of the City's annual financial audits. The purpose of this item is to provide the Rent Board with historical audit documents since the fiscal year ending June 30, 2018, the first full fiscal year of the Rent Program's existence.

RECOMMENDED ACTION:

RECEIVE Comprehensive Annual Financial Reports for the fiscal years ending June 30, 2018, and June 30, 2019 – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

FISCAL IMPACT:

There is no fiscal impact related to this item.

DISCUSSION:

Objectives of the Comprehensive Annual Financial Report

Government Code Sections 25250 and 25253 require state and local governments to prepare a Comprehensive Annual Financial Report in accordance with generally accepted accounting principles (GAAP) established for local governments as established by the Governmental Accounting Standards Board (GASB).

The report consists of management's representations concerning the finances of the City. 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 accordance with GAAP.

Scope of Financial Audit

The City's financial statements have been audited by an independent auditing firm of licensed public accountants. The objective of the independent audit was to provide reasonable assurance that the financial statement of the City for the fiscal year 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.

Audit Findings

For the fiscal years ending in both 2018 and 2019, the independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2019, but with a disclaimer of opinion for business-type activities as it relates to the Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units, as the financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the fiscal years ending June 30, 2018 and June 30, 2019.

DOCUMENTS ATTACHED:

Attachment 1 – 2019 Comprehensive Annual Financial Report

Attachment 2 – 2018 Comprehensive Annual Financial Report

Richmond California



Comprehensive Annual Financial Report
For The Year Ended June 30, 2019

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City of Richmond
California

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2019

Prepared by the Finance Department

**Belinda Brown
Finance Director/Treasurer**

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**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FISCAL YEAR ENDED JUNE 30, 2019

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**CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**ITEM F-5
ATTACHMENT 1**

FISCAL YEAR ENDED JUNE 30, 2019

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COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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FINANCE DEPARTMENT



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

March 6, 2020

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, 2019, 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 aspects.

The City Council is required to adopt an initial budget for the fiscal year 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 City Council. 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.

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, 2019, 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 unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2019, but with a disclaimer of opinion for business-type activities as it relates to the Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units, as the financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2019. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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 GAAP 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 three discretely presented component units are RHA Properties, RHA Housing Corporation and RHA RAD LLC. 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 Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Surplus Property Authority and Harbor Navigation, Country Club Vista and Atlas Interchange Special Assessment Districts. The City also has one inactive component unit, Richmond Parking Authority.

Profile of the Government

The City of Richmond was chartered as a city in 1909, and is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north), spanning 32 total miles of shoreline. The City's total area is 56.1 square miles, 33.8 of which is land area and 22.3 water area. Richmond is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes from Richmond by freeway; Oakland is 20 minutes; San Jose is approximately one hour's drive to the south and Sacramento, the state capitol, is approximately 90 minutes to the east. Central Marin County is 15 minutes from Richmond directly across the Richmond-San Rafael Bridge. Freeways provide direct access from Richmond to major new growth areas along Interstate 80 north and east to Vallejo, Fairfield and Sacramento; along Interstate 680 in central Contra Costa County; and south along Interstate 880 to the San Jose area.

Richmond's population is 111,785. 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 Cmnty, 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 infrastruchrre, 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 tenns. The Mayor is elected at large and is a seventh member of the City Council. The City of Richnnond is a Council-Manager fonn 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 ofthe City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

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

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

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

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

Significant Events and Accomplishments

The City of Rialton 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, 2019 include the following:

Community Services Department (CSD)

- In October, the CSD hosted its 1st Fall Festival. There were over 100 kids from different Rialton neighborhoods. The festivities included carnival games with prizes, a magic show, a jumper, and food and snacks.

Information Technology (IT)

- IT received an award for excellence from the Municipal Information Systems Association of California (MISAC) for meeting and or exceeding standards in the technology focused areas of Budget and Strategic Planning, Purchasing, Operations and Staffing, Customer Satisfaction, Internet, Project Management, Professional Development and Training, Disaster Preparation and Recovery, Policies and Procedures, and Security.

Library – Literacy for Every Adult Program (LEAP)

- LEAP hosted its fall graduation for 20 Rialton residents who received their General Education diploma and/or High School diploma.

City Manager's Office - Environmental and Health Initiatives Division

- The Environmental and Health Initiatives Division launched a Climate Action Plan (CAP) Open Data Dashboard. The dashboard serves to monitor progress towards reaching the CAP goals, inform policy decisions and provide data to the community.

Water Resource Recovery Department

- Water Resource Recovery and Veolia were presented with the National Association of Clean Water Agencies (NACWA) Gold Award. The treatment facility operated without a single violation of its National Pollutant Discharge Elimination System (NPDES) permit in 2017.

Public Safety

- The Richmond Police Department completed its sixth Cohort of "The Community Safety Academy (CSA)." The CSA teaches methods of practice civilians can use to make criminal victimization less likely, while also providing residents with a behind the scenes look at police operations. The program is eight weeks long.
- The Fire Department graduated its first all Spanish-speaking Community Emergency Response Team (CERT) class. The CERT program educates people about disaster preparedness for hazards that may impact their neighborhoods and community. It trains them in basic disaster response skills such as fire safety, light search and rescue, team organization, and disaster medical operations.

Strategic Support

- Received the Distinguished Budget Presentation Award for fiscal year 2018-19 from the Government Finance Officers Association (GFOA).
- Received the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award and Capital Budgeting Excellence Award for the fiscal year 2018-19.

Long-Term Financial Plan

- Adhered to the Debt Policy which reflects general debt service cannot exceed 10% of General Fund Revenue.

ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,

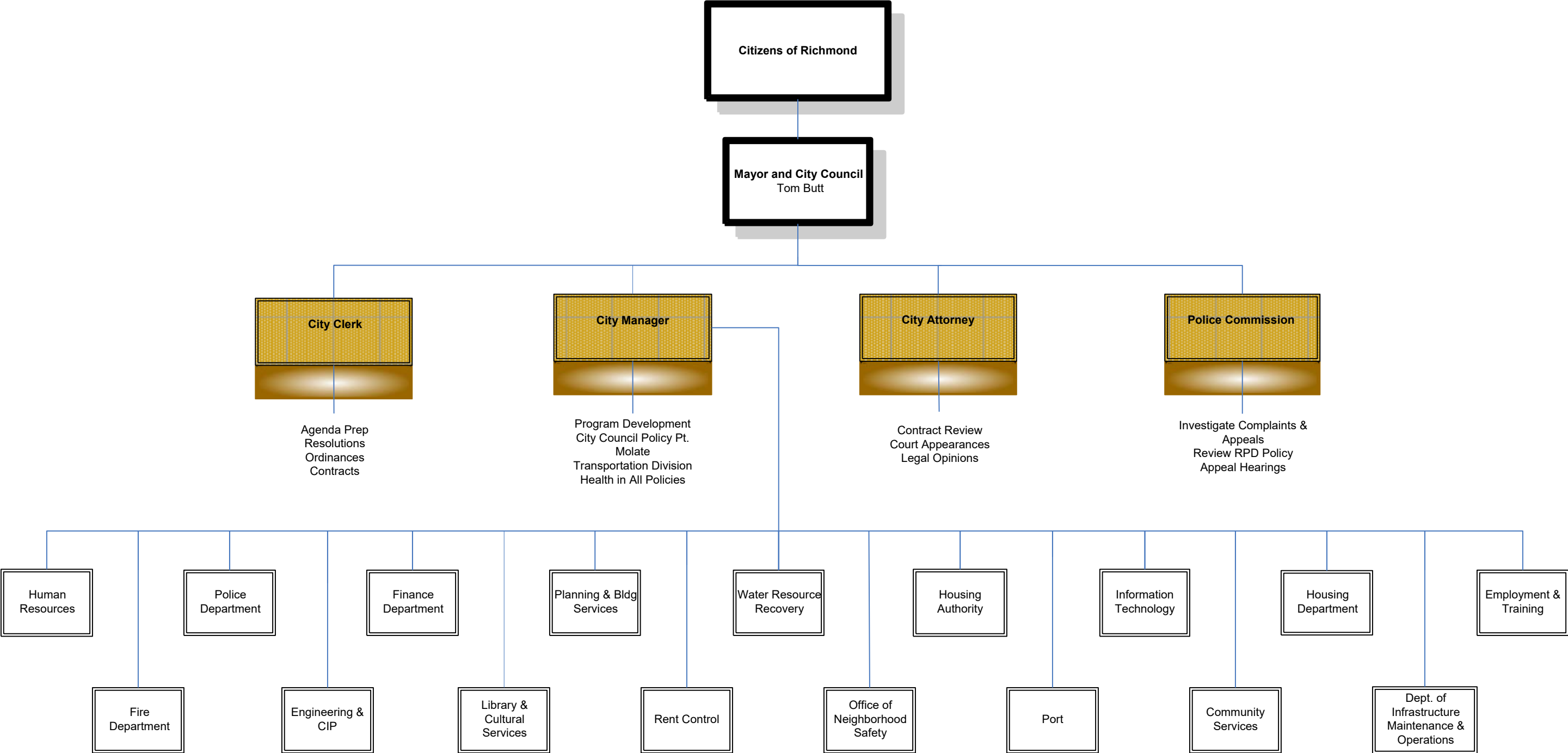
A handwritten signature in black ink, appearing to read 'Belinda Brown', with a large, stylized loop at the end.

Belinda Brown
Finance Director/treasurer

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City of Richmond
FY2018-19 Organizational Chart



CITY OFFICIALS

JUNE 25, 2019

CITY COUNCIL

ITEM F-5
ATTACHMENT 1

Mayor	.....	Tom
Vice	.....	Butt
Mayor member	.....	Ben Choi
Council member	.....	Nathaniel Bates
Council member	.....	Demnlus Johnson
Council member	.....	Eduardo Martinez
Qluncil member	.....	Jael Myrick
	.....	Melvin Willis

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	.....	Carlos Martinez
Capital Improvement Director	.....	Vader Bermudez
City Attorney	.....	Bruce Goodmiller
City Clerk	.....	Pamela Christian
Community Services Director	.....	Rochelle Polk
Employment & Training Director	.....	Sai Vaca
Finance Director/Treasurer	.....	Belinda Wamer
Fire Chief	.....	Adrian Sheppard
Housing Authority Director	.....	Nannette Beacham
Human Resources Director	.....	Usa Stephenson
Information Technology Director	.....	Sue Hartman
Infrastructure Maintenance & Operations Director	.....	Tim
Higares	.....	
Library and Cultural Services Director	.....	Katy Curt
Planning	.....	Una Velasco
Police ,nreJ	.....	Allwyn Brown
Port Director	.....	Jim Matzorkls

Rent Control Executive Director..... Ryan Smith
Water Resource Recovery Manager..... Ryan Smith

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Richmond, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richmond, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units as of and for the year ended June 30, 2019. These financial statements collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the business-type activities, Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Community Development and Loan Programs Special Revenue	Unmodified
Major Enterprise Funds:	
Richmond Housing Authority	Disclaimer
Port of Richmond	Unmodified
Municipal Sewer	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units

The financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2019. The Richmond Housing Authority's financial activities are included in the City's basic financial statements as a major enterprise fund and represent 12.62%, 18.52% and 45.21% of the assets, net position, and revenues, respectively, of the City's business-type activities. The financial activities of RHA Properties, RHA Housing Corporation and RHA RAD LLC are included in the City's financial activities as discretely presented component units and represent the City's only discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units of the City. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, the Community Development and Loan Programs Special Revenue Fund, the Port of Richmond Enterprise Fund, the Municipal Sewer Enterprise Fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2020 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Pleasant Hill, California
March 6, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2019

This narrative overview and analysis of the City of Richmond's (the "City") Basic Financial Statements for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position decrease by \$18.6 million during the fiscal year attributed to a \$23.1 million decrease in governmental and \$4.5 million increase in business-type activities.
- The liabilities and deferred inflows of the governmental activities of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$339.5 million (net deficit). Alternatively, the assets and deferred outflows of the business-type activities of the City exceeded its liabilities and deferred inflows by \$53 million.
- At June 30, 2019, the City's unrestricted net deficit (governmental and business-type activities) totaled \$653 million, an \$11 thousand decrease from prior year. The unrestricted net deficits represent the net unfunded liabilities of the government. Over time, increases and decreases in this account will allow the reader to determine if the City's condition is improving or deteriorating. Restricted net position for governmental and business-type activities increased by a net \$5.7 million to \$102.6 million.
- The City's financial statements include a disclaimer of opinion on the financial statements of the Richmond Housing Authority Enterprise Fund ("RHA"), a blended component unit included in the City's business-type activities, and three discretely presented component units, RHA Properties, RHA Housing Corporation and RHA RAD LLC. As of June 30, 2019, the net position of RHA is \$9.8 million or 18% of the City's business-type activities. Additional information about the disclaimer of opinion can be found in the Independent Auditor's Report.
- The City's General Fund contingency reserve policy increased to the minimum 15% of the General Fund's next year's budgeted appropriations or \$26.4 million and the balance was \$19.5 million at June 30, 2019.
- The Net Pension Liability of \$330.4 million, representing an accounting measure of the City's unfunded pension obligation, decreased by \$10.4 million from \$340.8 million. The City reports \$193.7 million in the Other Post-Employment Benefit (OPEB) liability for this fiscal year which is an increase of \$6 million from the \$187.7 million obligation reported in the prior year.
- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by \$1.1 million in fiscal year 2019. This is primarily attributable to tax and service fee revenues in excess of expectations for the year.

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements, and 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.

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

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and grants, governmental activities, and business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges. The City's activities include five blended component units which consist of the Richmond Housing Authority, Richmond Joint Powers Financing Authority, Richmond Neighborhood Stabilization Corporation, Richmond Surplus Property Authority and Richmond Parking Authority. Although legally separate, the City is financially accountable for the activities of these entities which are therefore shown as blended as part of the primary government.

RHA Properties, RHA Housing Corporation and RHA RAD LLC are discretely presented component units of the City that are legally separate reporting entities but are important because the City is financially accountable for them.

The government-wide financial statements can be found on page 20 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds 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 governmental 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 the comparison between governmental funds and governmental activities.

The City has 20 governmental funds, of which two 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 two major funds are the General Fund and the Community Development and Loan Programs Special Revenue Fund. The basic governmental fund financial statements can be found on pages 26-29 of the financial report. Data from the other eighteen governmental funds are combined into a single, aggregated presentation and reported separately on pages 178-191 of the financial report.

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 City maintains four internal service funds to account for its vehicle operations, risk management program, police telecommunications and compensated absences. The proprietary fund financial statements can be found on pages 32-34.

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, City OPEB Plan Trust Fund, RPOA OPEB Plan Trust Fund, Pt. Molate Private-Purpose Trust Fund, Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund and Agency Funds. The fiduciary funds financial statements for these funds can be found on pages 36-37.

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 39-156 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Net Position

This Comparative financial information includes the long-term and short-term information about the City's overall financial condition. Below to provide the reader with highlights of changes from the prior year.

City of Richmond's Net Position June 30, 2019 and 2018 (in thousands)						
	Governmental		Business-type	Activities	Totals	
	Activities					
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Assets:						
Current assets	\$ 192,338	\$ 172,445	\$ 60,979	\$ 44,774	\$ 253,317	\$ 217,219
Capital assets	298,919	308,629	190,133	184,818	489,052	493,447
Total Assets	<u>491,257</u>	<u>481,074</u>	<u>251,112</u>	<u>229,592</u>	<u>742,369</u>	<u>710,666</u>
Deferred Outflows of Resources:						
Deferred outflows related to pensions	48,941	74,812	1,306	2,725	50,247	77,537
Deferred outflows related to OPEB	5,084	6,699	269	354	5,353	7,053
Deferred charge on refunding			6,942	3,928	6,942	3,928
Total Deferred Outflows of Resources	<u>54,025</u>	<u>81,511</u>	<u>8,517</u>	<u>7,007</u>	<u>62,542</u>	<u>88,518</u>
Liabilities:						
Current liabilities	83,770	74,337	12,748	21,138	96,518	95,475
Long-term liabilities	792,458	798,370	193,405	165,292	985,863	963,662
Total Liabilities	<u>876,228</u>	<u>872,707</u>	<u>206,153</u>	<u>186,430</u>	<u>1,082,381</u>	<u>1,059,137</u>
Deferred Inflows of Resources:						
Deferred inflows related to pensions	5,871	4,077	378	236	6,249	4,313
Deferred inflows related OPEB	2,649	2,152	140	114	2,789	2,266
Total Deferred Inflows of Resources	<u>8,520</u>	<u>6,229</u>	<u>518</u>	<u>350</u>	<u>9,038</u>	<u>6,579</u>
Net Position:						
Net investment in capital assets	211,718	221,336	52,161	68,213	263,879	289,549
Restricted	93,158	87,380	9,441	9,514	102,599	96,894
Unrestricted	(644,342)	(625,067)	(8,644)	(27,908)	(652,986)	(652,975)
Total Net Position (Deficit)	<u>\$ (339,466)</u>	<u>\$ (316,351)</u>	<u>\$ 52,958</u>	<u>\$ 49,819</u>	<u>\$ (286,508)</u>	<u>\$ (266,532)</u>

Government-wide Activities

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

City of Richmond's Changes in Net Position
For the Years Ended June 30, 2019 and 2018
(in thousands)

	Governmental Activities		Business-type	Activities	Totals	
	FY2019	FY2018	FY2019 *	FY2018 *	FY2019	FY2018
Revenues:						
Program revenues:						
Charges for services	\$ 33,547	\$ 36,688	\$ 42,221	\$ 38,656	\$ 75,768	\$ 75,344
Operating grants/contributions	20,515	20,557	28,666	26,099	49,181	46,656
Capital grants/contributions	5,779	10,471	2,170	1,155	7,949	11,626
General revenues:						
Property taxes-current collections	60,592	59,442			60,592	59,442
Sales taxes	47,659	44,475			47,659	44,475
Utility user taxes	45,906	46,080			45,906	46,080
Documentary transfer taxes	8,012	6,486			8,012	6,486
Other taxes	6,227	6,145			6,227	6,145
Unrestricted Intergovernmental	4,705	59			4,705	59
Use of money and property	(6,826)	7,001	(1,015)	3,431	(7,841)	10,432
Gain on sale of capital assets	72	39			72	39
Other	1,981	4,196			1,981	4,196
Total revenues	<u>228,169</u>	<u>241,639</u>	<u>72,042</u>	<u>69,341</u>	<u>300,211</u>	<u>310,980</u>
Expenses:						
General government	45,626	45,716			45,626	45,716
Public safety	116,621	114,932			116,621	114,932
Public works	49,893	48,617			49,893	48,617
Community development	5,792	4,589			5,792	4,589
Cultural & recreation	15,074	14,281			15,074	14,281
Housing & redevelopment	2,677	3,442			2,677	3,442
Interest and fiscal charges	15,380	16,128			15,380	16,128
Richmond Housing Authority			36,766	30,979	36,766	30,979
Port of Richmond			8,812	10,258	8,812	10,258
Richmond Marina			274	327	274	327
Municipal Sewer			19,260	21,696	19,260	21,696
Storm Sewer			1,643	1,662	1,643	1,662
Cable TV			974	1,697	974	1,697
Total expenses	<u>251,063</u>	<u>247,705</u>	<u>67,729</u>	<u>66,619</u>	<u>318,792</u>	<u>314,324</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(22,894)	(6,066)	4,313	2,722	(18,581)	(3,344)
Transfers	(221)	87	221	(87)	-	-
Special items		1,208			-	1,208
Changes in Net Position	(23,115)	(4,771)	4,534	2,635	(18,581)	(2,136)
Net position (deficit) at beginning of year (July 1, 2018 restated)	<u>(316,351)</u>	<u>(311,580)</u>	<u>48,424</u>	<u>47,184</u>	<u>(267,927)</u>	<u>(264,396)</u>
Net position (deficit) at end of year	<u>\$ (339,466)</u>	<u>\$ (316,351)</u>	<u>\$ 52,958</u>	<u>\$ 49,819</u>	<u>\$ (286,508)</u>	<u>\$ (266,532)</u>

* Business-type Activities beginning balance was restated and decreased \$1.4 million in the Richmond Housing Authority.
The prior year amounts have not been restated. Please see Note 9E.

Governmental Activities

Governmental activities decreased the City's net position by \$23.1. Total expenses of \$251.1 million exceeded revenue of \$228.2 million by \$22.9 million. Revenues decreased \$13.5 million or 5.6% primarily due to a decrease in Use of Money and Property. That category went from \$7 million in fiscal year 2017-18 to negative \$6.8 million in fiscal year 2018-19, a shift of nearly \$14 million. The decrease was driven by the recordation of an adjustment related to a Swap Derivative of negative \$8.5 million. Additionally, Charges for Services also experienced a decrease of \$3.1 million. This includes an adjustment for Civic Center Debt Service Charges Elimination of nearly \$5.6 million.

Business Type Activities

Business-type activities increased the City's net position by \$3.1 million. Key factors contributing to the decrease in business-type activities are as follows:

- The Municipal Sewer fund reported \$6.8 million in debt service savings due to the refunding of bonds during the fiscal year.
- ✓ The Richmond Housing Authority's ("RHA") net position decreased by \$4.2 million. RHA's operating loss of \$33.4 million increased \$4.2 million, or 14.4% from prior year due to an approximate \$2.8 million increase in Housing Assistance and restated beginning balance.
- ✓ Other Enterprise funds had a combined \$2.0 million increase in net position. The majority of the increase, \$654 thousand, is attributed to the decrease in salaries and benefits.

Net Program (Expenses) Revenues

Comparisons of the cost of services by function for the City's government-wide activities are shown in the preceding tables, along with the revenues used to cover the net expenses.

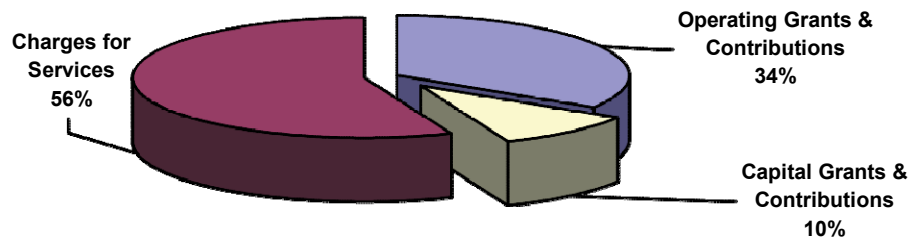
The following table details the net program costs for each of the governmental activities functions:

Expenses and Program Revenues			
Governmental Activities			
Functions			Net (Expenses)
	Expenses	Revenues	Revenues
General government	\$ 45,626,305	\$ 16,706,650	\$ (28,919,655)
Public safety	116,621,006	8,714,239	(107,906,767)
Public works	49,893,124	13,210,960	(36,682,164)
Community development	5,791,630	14,364,956	8,573,326
Cultural and recreational	15,074,312	3,010,401	(12,063,911)
Housing and redevelopment	2,676,897	3,832,975	1,156,078
Interest on long-term debt	15,380,005	-	(15,380,005)
Total	<u><u>\$ 251,063,279</u></u>	<u><u>\$ 59,840,181</u></u>	<u><u>\$ (191,223,098)</u></u>

Total governmental activities expenses of \$251.1 million were offset by \$59.8 million in program revenues in fiscal year 2019. 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. During the fiscal year, the net costs funded by the City's general revenues were \$191.2 million.

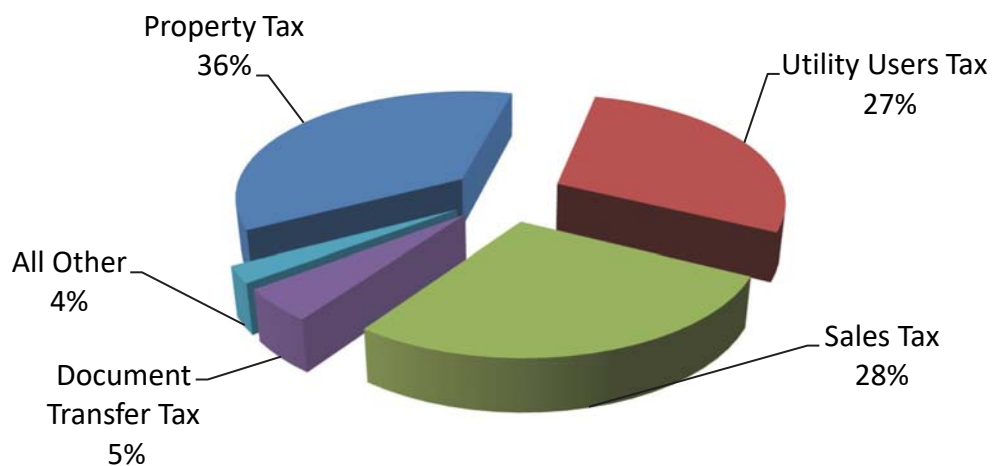
As reflected in the pie chart below, 56% of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The remaining 44% percent of governmental program revenues come from Operating Grants and Capital Grants Contributions which include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

**Program Revenues by Source
Governmental Activities**



General revenues are all other revenues not categorized as program revenues and include property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues from governmental activities were \$168.3 million in fiscal year 2019. The three largest components of general revenues received were Property Taxes-current collections of \$60.6 million, Sales Taxes of \$47.7 million and Utility User Taxes of \$45.9 million. The following graph shows the City's general revenues by source.

**General Revenue by Sources
Governmental Activities**

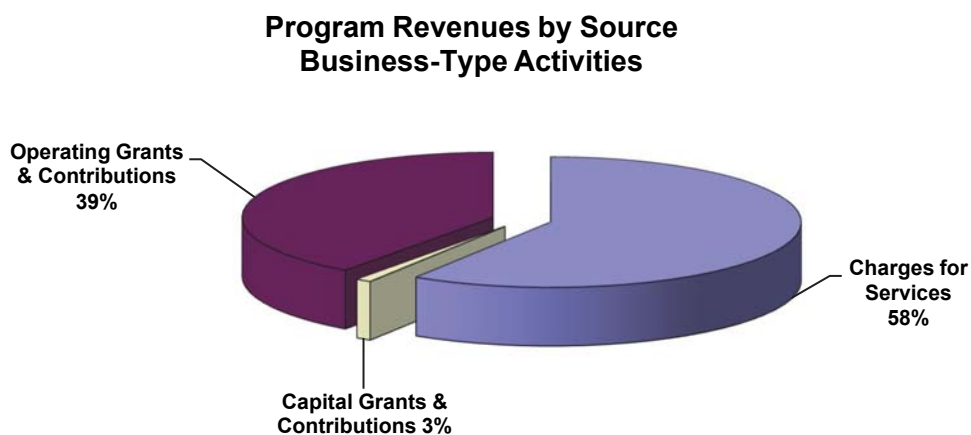


The following table details net program costs for business-type activities:

Expenses and Program Revenues Business-type Activities			
Business-type Activities	Expenses	Program Revenues	Net (Expenses) Revenues
Richmond Housing Authority	\$ 36,766,319	\$ 32,568,031	\$ (4,198,288)
Port of Richmond	8,811,486	10,629,229	1,817,743
Richmond Marina	273,929	602,591	328,662
Municipal Sewer	19,259,997	24,938,325	5,678,328
Storm Sewer	1,643,453	3,078,291	1,434,838
Cable TV	973,747	1,240,754	267,007
Total	\$ 67,728,931	\$ 73,057,221	\$ 5,328,290

Business-type activities revenue exceeded expenses by \$5.3 million, as the Richmond Housing Authority was not able to generate enough user fees sufficient to cover operating costs by \$4.2 million.

As reflected in the pie chart below, 58% of the business-type program revenues came from Charges for Services and the remaining 42% were derived from Operating and Capital Grants.



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.

At the end of the fiscal year, the City's governmental funds reported total fund balances of \$104.3 million, an increase of \$13.4 million, or 14.8% from prior year. Financial highlights for the City's major funds are discussed below:

General Fund The General Fund is the primary operating fund of the City. It is used to report the financial results of the daily operations of the City. The major revenue sources are utility users' tax, sales tax and property taxes. The major expenditures are salaries and administrative expenses. The City's general fund revenues and expenditures grew by \$8.9 million or 6% and \$6.1 million or 4%, respectively. The increase in revenues is primarily due to the continuing growth in the City's assessed valuation of properties within the City as well as increases various taxes. The increase in expenditures is primarily due to higher payroll expenses. This was primarily attributable to increased salary costs; and increased benefits costs due to higher rates in the annual required contribution to CalPERS. Additionally, transfers out increased \$3.7 million or 60% primarily due to a \$2.1 million transfer of funds to the Code Enforcement Cost Recovery Fund to cure negative cash, and \$1.8 million in transfers to the Housing Department Administration Fund for disallowed costs.

At the end of the current fiscal year, the total fund balance increased by \$1.1 million from the prior year to \$36.8 million. The General Fund reported an unassigned fund balance of \$19.5 million, an increase of \$1.9 million from prior year, of which \$19.5 million represents the amount the City has set aside for contingency.

Community Development and Loan Programs This fund was established to account for the receipt of Community Development Block Grant, HOME Investment Partnership Program and Neighborhood Stabilization Program grant monies and the use of the grants. In conjunction with the dissolution of the Redevelopment Agency, this fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency's low and moderate income housing activities. As of June 30, 2019, fund balance is \$27.8 million which represents a \$2.7 million increase from prior year.

Proprietary Funds:

The City's proprietary funds are enterprise and internal service funds. Proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The City's major enterprise funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer.

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. RHA'S net position declined \$4.2 million to \$9.8 million at June 30, 2019.

The Port of Richmond The Port of Richmond (“Port”) is a public enterprise established by the City and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port’s net position increased by \$2 million to \$8.5 million. The increase was primarily due to lower capital expenses of \$1.3 million and lower debt service interest expenses of \$279 thousand.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenses. Municipal Sewer’s net position increased \$4.8 million to \$36.1 million at June 30, 2019. The increase was primarily due to \$2.5 million in lower interest expenses due to the refunding of debt, and \$2.1 million in higher revenues due to sewer rate increases.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, excluding transfers, bond premium and proceeds from sale of property, reflected \$159.6 million in estimated revenues and \$162.8 million in appropriations.

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

The final amended budget included a \$6.4 million increase in estimated revenue and a \$2.9 million increase in appropriations. Actual revenues of \$166 million were \$56 thousand less than adjusted operating revenue budget, a variance of 0.03%. Key elements of the variances in revenues are discussed as follows:

Property Taxes totaled \$43.1 million which is \$537 thousand more than the Revised Budget and \$2.1 million more than the original budget. The increase stems from increases in residual Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments Schedule (ROPS) or, in other words, more than expected Successor Agency Residual and Pass-through revenue.

Utility Users Tax (UUT) totaled \$45.9 million which was \$307 thousand less than expected. The bulk of the decrease was in tax collected related to the pre-paid wireless collected at stores and by the State. This revenue stream saw a year over year decrease of \$273 thousand.

Sales Taxes totaled \$47.7 million which was right on target with the Revised Budget and \$1.5 million more than the Original Budget. This corresponded to increases in the regular Sales Tax and proportional increases in both half cent Sales Tax measures. More directly, we experienced Sales Tax growth for most sectors in the City including the business to business category and increased collections from internet sales.

Licenses, Permits and Fees totaled \$3.7 million which was \$408 thousand less than the Revised Budget amount. The bulk of this stemmed from the collection of Business License Tax. The previous years saw significant increases due to the collective efforts from the Business License Division, Code Enforcement, Rent Control and MuniServices. It led to payments from new customers that included, in many cases, past due amounts up to three years back. The majority of the new businesses were residential rental properties. The subsequent years, these businesses just paid the yearly flat rate. The budget did not reflect this expected decrease.

The final adjusted appropriations were \$165.7 million, an increase of \$2.9 million from the original adopted budget appropriation of \$162.8 million. The adopted budget appropriation was increased primarily due to mid-year and year-end adjustments. The most significant increase in the final budget was in the general government function. The debt service budget was increased to account for payoff of a pass-through loan. The housing programs expenditure budget was increased due to disallowed costs being moved from CDBG and HOME program to the General Fund. Additionally, the final budget appropriation for transfers out was \$7.9 million, an increase of \$2.7 million from the original adopted budget appropriation of \$5.2 million. The increase was primarily due to year-end adjustments in which transfers from the General Fund operating surplus were used to clear the negative cash balance the Code Enforcement Cost Recovery Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounted to \$489.1 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress is illustrated below:

Capital Assets by Type

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 29,468,867	\$ 29,424,667	\$ 7,195,986	\$ 7,195,986	\$ 36,664,853	\$ 36,620,653
Construction in Progress	23,589,785	17,034,198	6,759,954	28,401,520	30,349,739	45,435,718
Building and improvements	111,130,983	115,156,850	25,107,706	26,903,695	136,238,689	142,060,545
Machinery and equipment	8,300,233	8,804,933	3,380,025	3,531,105	11,680,258	12,336,038
Infrastructure	126,428,498	138,209,556	147,689,239	118,785,856	274,117,737	256,995,412
Total Capital assets	\$ 298,918,366	\$ 308,630,204	\$ 190,132,910	\$ 184,818,162	\$ 489,051,276	\$ 493,448,366

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

Additional information about the City's capital assets can be found in Note 6 on pages 66 through 68 in the financial statements.

Debt Administration:

Long Term Debt – The City’s total debt outstanding at June 30, 2019 increased \$22.8 million from \$420.8 million to \$443.7 million. The \$22.9 million increase is due to the City issuing \$88.6 million in revenue bonds under the business type activities due to the Richmond Wastewater Revenue Bond Series 2019A and Wastewater Refunding Bond Series 2019B.

Outstanding Debt
June 30, 2019

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds			\$ 144,811,738	\$ 111,698,772	\$ 144,811,738	\$ 111,698,772
Lease revenue bonds	\$ 109,098,574	\$ 111,241,920	30,331,623	33,587,707	139,430,197	144,829,627
Pension obligation bonds	147,275,826	150,445,289			147,275,826	150,445,289
Total bonds payable	256,374,400	261,687,209	175,143,361	145,286,479	431,517,761	406,973,688
Loans payable	1,287,277	1,844,775	3,227,227	3,316,308	4,514,504	5,161,083
Capital leases	7,640,339	8,650,840			7,640,339	8,650,840
Total outstanding debt	<u>\$ 265,302,016</u>	<u>\$ 272,182,824</u>	<u>\$ 178,370,588</u>	<u>\$ 148,602,787</u>	<u>\$ 443,672,604</u>	<u>\$ 420,785,611</u>

The City does not have any general obligation bonds as of June 30, 2019.

On May 31, 2019, S&P Global Ratings raised its issuer credit rating (ICR) on Richmond, Calif., three notches to 'AA-' from 'A-'. At the same time, S&P Global Ratings raised its long-term rating and underlying rating (SPUR) on the Richmond Joint Powers Financing Authority's series 2009 and 2016 lease revenue bonds to 'A+' from 'BBB+'.

For more detailed information on the City’s long-term debt see Note 7 on pages 69-93.

Economic Factors, Next Year’s Budget and Inflation Rates

The City’s economic base continues to grow after years of recession. Property values assessed by the County as of January 1, 2019 have increased by 3.00% over the prior year. Additionally, residual Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments Schedule (ROPS) payments have gone from \$600 thousand in fiscal year 2015-16 to \$2.5 million in fiscal year 2016-17, to \$4.0 million in fiscal year 2017-18, and finally to \$5.7 million in fiscal year 2018-19. Sales Tax is expected to increase by 2.5% in fiscal year 2019-20 as compared to the previous year. In November 2018, Richmond voters approved Measure H which called for a new tiered calculation for the Documentary Transfer Tax. The tax rate would go up based on the sale price of the property. The rate of 0.70% did not change for sales under \$1 million, but for sales from \$1 million and above the rates changed accordingly:

Measure H

Sale Price	\$1 to \$999,999	\$1M to \$2,999,999	\$3M to \$9,999,999	\$10M and above
Amount per \$1,000	\$7.00	\$12.50	\$25.00	\$30.00
Rate	0.70%	1.25%	2.50%	3.00%

The City is in contract with Terminal One Development, LLC to sell an approximately 10-acre site for development purposes at a price of \$10 million. The developer has paid the City \$500,000 in a non-refundable deposit, with the balance of \$9.5 million due following granting of all entitlements and close of escrow. Following City Council certification of the environmental impact report (EIR) for the project in July 2016, a lawsuit was filed that challenged certification of the EIR. A settlement was reached by all parties to this lawsuit in November 2016 which allows the project entitlement process to proceed. Close of escrow on the real estate sale by the City to Terminal One Development, LLC, including the transfer of the \$9.5 million balance due from the developer to the City, is anticipated by June 30, 2020.

The City continues to closely monitor revenue and expenditures through monthly variance reports to assure adherence to budget controls. Simultaneously, position control is strictly enforced, ensuring that any employee hired is moving into a funded position. The City continues to work with Public Financial Management Group (PFM) through the National Resource Network on budget and financial planning. For the upcoming fiscal year, PFM will work with the City to align the budget forecast with City Council priorities, review the City's organizational structure, and provide recommended actions for fiscal sustainability. This will include planning and addressing pension and Other Post-Employment Benefits (OPEB) funding. Additionally, the City continues to analyze the structural integrity of all funds and identify additional cost reductions and efficiencies.

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, 2019**

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

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

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources 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 primarily 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 position. 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, deferred outflows/inflows of resources, available revenues and measurable expenditures.

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

CITY OF RICHMOND
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$85,841,950	\$27,063,390	\$112,905,340
Restricted cash and investments (Note 3)	15,164,884	42,898,106	58,062,990
Receivables:			
Accounts, net	14,389,311	5,465,775	19,855,086
Interest	243,266	58,111	301,377
Grants	3,495,851	182,195	3,678,046
Due from developer (Note 16E)		11,221,743	11,221,743
Loans (Notes 5 and 16J)	46,589,245		46,589,245
Internal balances (Note 4D)	25,910,224	(25,910,224)	
Property held for resale (Note 2I)	78,016		78,016
Prepays, supplies, and other assets (Note 2C)	621,120		621,120
Net pension asset (Note 11):	4,443		4,443
Capital assets (Note 6):			
Nondepreciable	53,058,652	13,955,940	67,014,592
Depreciable, net	245,859,714	176,176,970	422,036,684
Total Assets	491,256,676	251,112,006	742,368,682
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 10 and 11)	48,941,257	1,305,591	50,246,848
Deferred outflows related to OPEB (Note 12)	5,083,658	269,251	5,352,909
Deferred charge on refunding (Note 2H)		6,941,917	6,941,917
Total Deferred Outflows of Resources	54,024,915	8,516,759	62,541,674
LIABILITIES			
Accounts payable and accrued liabilities	7,480,360	2,994,736	10,475,096
Interest payable	2,443,747	1,820,390	4,264,137
Refundable deposits	1,036,965	385,611	1,422,576
Unearned revenue (Note 8)	7,694,960	1,326,102	9,021,062
Derivative instrument at fair value - liability (Note 7)	31,476,800		31,476,800
Compensated absences (Note 2D):			
Due within one year	7,274,224	97,932	7,372,156
Due in more than one year	5,604,878	311,204	5,916,082
Claims liabilities (Note 14):			
Due within one year	13,577,334		13,577,334
Due in more than one year	31,000,665		31,000,665
Long-term debt (Note 7):			
Due within one year	12,785,371	6,123,090	18,908,461
Due in more than one year	252,516,645	172,247,498	424,764,143
Net pension liability (Notes 10 and 11):			
Due in more than one year	319,301,192	11,098,926	330,400,118
Net OPEB liability (Note 12):			
Due in more than one year	184,035,186	9,747,256	193,782,442
Total Liabilities	876,228,327	206,152,745	1,082,381,072
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Notes 10 and 11)	5,871,078	378,087	6,249,165
Deferred inflows related to OPEB (Note 12)	2,648,414	140,271	2,788,685
Total Deferred Inflows of Resources	8,519,492	518,358	9,037,850
NET POSITION (Note 9)			
Net investment in capital assets	211,717,676	52,161,380	263,879,056
Restricted for:			
Capital projects	17,927,073		17,927,073
Debt service	10,410,854	9,440,965	19,851,819
Housing and redevelopment	49,616,436		49,616,436
Community development projects	15,203,559		15,203,559
Total Restricted Net Position	93,157,922	9,440,965	102,598,887
Unrestricted (Deficit)	(644,341,826)	(8,644,683)	(652,986,509)
Total Net Position (Deficit)	(\$339,466,228)	\$52,957,662	(\$286,508,566)

See accompanying notes to financial statements

Component Units		
RHA Properties	RHA Housing Corporation	RHA RAD LLC
	\$6,239	
		\$14,510,000
	6,239	14,510,000
	6,239	14,510,000
	\$6,239	\$14,510,000

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$45,626,305	\$15,310,347	\$314,715	\$1,081,588
Public safety	116,621,006	7,124,227	1,294,436	295,576
Public works	49,893,124	5,118,216	4,404,788	3,687,956
Community development	5,791,630	1,603,581	12,761,375	
Cultural and recreational	15,074,312	2,200,702	809,699	
Housing and redevelopment	2,676,897	2,189,703	929,820	713,452
Interest on long-term debt	15,380,005			
Total Governmental Activities	251,063,279	33,546,776	20,514,833	5,778,572
Business-type Activities:				
Richmond Housing Authority	36,766,319	3,329,072	28,666,300	572,659
Port of Richmond	8,811,486	10,629,229		
Richmond Marina	273,929	602,591		
Municipal Sewer	19,259,997	24,476,967		461,358
Storm Sewer	1,643,453	1,942,171		1,136,120
Cable TV	973,747	1,240,754		
Total Business-type Activities	67,728,931	42,220,784	28,666,300	2,170,137
Total Primary Government	\$318,792,210	\$75,767,560	\$49,181,133	\$7,948,709
Component Units:				
RHA Properties				
RHA Housing Corporation				
RHA RAD LLC				
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes Utility user				
taxes Documentary transfer				
taxes Other taxes				
Unrestricted intergovernmental				
Use of money and property				
Gain from sale of capital assets				
Other				
Transfers, net (Note 4)				
Total general revenues and transfers				
Change in Net Position				
Net Position (Deficit)-Beginning, as restated (Note 9E)				
Net Position (Deficit)-Ending				

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 1

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	RHA Properties	RHA Housing Corporation	RHA RAD LLC
(\$28,919,655)		(\$28,919,655)			
(107,906,767)		(107,906,767)			
(36,682,164)		(36,682,164)			
8,573,326		8,573,326			
(12,063,911)		(12,063,911)			
1,156,078		1,156,078			
(15,380,005)		(15,380,005)			
(191,223,098)		(191,223,098)			
	(\$4,198,288)	(4,198,288)			
	1,817,743	1,817,743			
	328,662	328,662			
	5,678,328	5,678,328			
	1,434,838	1,434,838			
	267,007	267,007			
	5,328,290	5,328,290			
(191,223,098)	5,328,290	(185,894,808)			
60,592,022		60,592,022			
47,659,481		47,659,481			
45,905,937		45,905,937			
8,011,672		8,011,672			
6,227,213		6,227,213			
4,705,047		4,705,047			
(6,825,744)	(1,015,459)	(7,841,203)			
71,779		71,779			
1,980,973		1,980,973			
(220,947)	220,947				
168,107,433	(794,512)	167,312,921			
(23,115,665)	4,533,778	(18,581,887)			
(316,350,563)	48,423,884	(267,926,679)		\$6,239	\$14,510,000
(\$339,466,228)	\$52,957,662	(\$286,508,566)		\$6,239	\$14,510,000

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**CITY OF RICHMOND
JUNE 30, 2019**

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 2019. Individual non-major funds may be found in the Supplemental section.

MAJOR GOVERNMENTAL FUNDS

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.

COMMUNITY DEVELOPMENT AND LOAN PROGRAMS FUND

The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in Notes 5 and 16D, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2019

	General	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (Note 3)	\$14,908,982	\$1,387,419	\$35,578,178	\$51,874,579
Restricted cash and investments (Note 3)		2,206,438	11,726,733	13,933,171
Receivables:				
Accounts, net	10,951,388	104,544	3,263,603	14,319,535
Interest	49,624	10,366	76,292	136,282
Grants		1,872,699	1,623,152	3,495,851
Loans (Note 5)	2,939,726	42,870,506	779,013	46,589,245
Property held for resale (Note 2I)		78,016		78,016
Advances to other funds (Note 4B)	15,849,594	174,067		16,023,661
Prepays, supplies and other assets	621,120			621,120
Total Assets	\$45,320,434	\$48,704,055	\$53,046,971	\$147,071,460
LIABILITIES				
Accounts payable and accrued liabilities	\$2,363,161	\$758,492	\$3,916,556	\$7,038,209
Refundable deposits	150,898		886,067	1,036,965
Due to other funds (Note 4A)			3,323,912	3,323,912
Unearned revenue (Note 8)	3,641,961		3,357,291	6,999,252
Total Liabilities	6,156,020	758,492	11,483,826	18,398,338
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 8)	2,395,860	20,146,438	1,856,031	24,398,329
FUND BALANCES (Note 9)				
Nonspendable	17,170,714			17,170,714
Restricted		27,799,125	45,066,267	72,865,392
Assigned	63,180		44,602	107,782
Unassigned	19,534,660		(5,403,755)	14,130,905
Total Fund Balances	36,768,554	27,799,125	39,707,114	104,274,793
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$45,320,434	\$48,704,055	\$53,046,971	\$147,071,460

See accompanying notes to financial statements

CITY OF RICHMOND
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the STATEMENT OF NET
POSITION JUNE 30, 2019

Total fund balances reported on the governmental funds balance sheet	\$104,274,793

Amounts reported for Governmental Activities in the Statement of Net Position 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.	298,918,366

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 position of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	33,967,371
Restricted cash and investments	1,231,713
Accounts receivable	69,776
Interest receivable	106,984
Due from other funds	10,776,581
Advances to other funds	2,433,894
Accounts payable, accrued liabilities and interest payable	(453,668)
Compensated absences	(254,691)
Unearned revenue	(695,708)
Claims payable	(44,577,999)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	24,398,329

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	(2,432,230)
Long-term debt	(265,302,016)
Derivative instrument at fair value - liability	(31,476,800)
Net pension asset, liability and deferred outflows/inflows related to pensions	(276,226,570)
Net OPEB liability and deferred outflows/inflows related to OPEB	(181,599,942)
Governmental activities portion of compensated absences	(12,624,411)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>(\$339,466,228)</u></u>

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019

	General	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$43,165,908		\$23,650,124	\$66,816,032
Sales taxes	47,659,481			47,659,481
Utility user taxes	45,905,937			45,905,937
Other taxes	14,020,347			14,020,347
Licenses, permits and fees	3,685,468	\$1,603,581	13,576,681	18,865,730
Fines, forfeitures and penalties	947,056		17,199	964,255
Use of money and property	276,021	369,863	657,038	1,302,922
Intergovernmental	672,361	1,149,951	15,869,664	17,691,976
Private grants			9,000,000	9,000,000
Charges for services	7,712,400		8,913,333	16,625,733
Rent	985,141		3,600	988,741
Other	1,018,246	1,383,918	597,783	2,999,947
Total Revenues	<u>166,048,366</u>	<u>4,507,313</u>	<u>72,285,422</u>	<u>242,841,101</u>
EXPENDITURES				
Current:				
General government	27,034,194		15,436,434	42,470,628
Public safety	97,550,128		2,274,446	99,824,574
Public works	24,991,463		12,141,634	37,133,097
Community development		532,670	4,594,178	5,126,848
Cultural and recreational	11,673,222		1,040,238	12,713,460
Housing and redevelopment		1,389,800	2,047,188	3,436,988
Capital outlay	189,690	1,668,132	3,916,412	5,774,234
Debt service:				
Principal	1,272,667		11,246,140	12,518,807
Interest and fiscal charges	229,724		9,797,163	10,026,887
Total Expenditures	<u>162,941,088</u>	<u>3,590,602</u>	<u>62,493,833</u>	<u>229,025,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,107,278</u>	<u>916,711</u>	<u>9,791,589</u>	<u>13,815,578</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	71,779			71,779
Transfers in (Note 4C)	7,825,500	1,818,221	9,572,127	19,215,848
Transfers (out) (Note 4C)	(9,866,926)		(9,821,887)	(19,688,813)
Total Other Financing Sources (Uses)	<u>(1,969,647)</u>	<u>1,818,221</u>	<u>(249,760)</u>	<u>(401,186)</u>
NET CHANGE IN FUND BALANCES	1,137,631	2,734,932	9,541,829	13,414,392
BEGINNING FUND BALANCES	<u>35,630,923</u>	<u>25,064,193</u>	<u>30,165,285</u>	<u>90,860,401</u>
ENDING FUND BALANCES	<u><u>\$36,768,554</u></u>	<u><u>\$27,799,125</u></u>	<u><u>\$39,707,114</u></u>	<u><u>\$104,274,793</u></u>

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 1

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, 2019

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 Position 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	\$13,414,392

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	7,186,929
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$1,083,670 which has already been allocated to serviced funds)	(16,793,818)
Retirements of capital assets are deducted from the fund balance	
(Retirements are net of internal service fund retirements of \$67,377 which has already been allocated to serviced funds)	(35,964)
Capital contributions from developers and the Successor Agency are added to fund balance	44,200
Transfers to Internal Service and Enterprise Funds are deducted from fund balance	(454,956)

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 Position.	
Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	12,518,807
Capital appreciation bonds accretion is deducted from fund balance	(5,925,537)
Amortization of bond premium is added back to fund balance	63,346

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	609,851
Unavailable revenue	(644,197)
Derivative instrument at fair value - liability	(8,537,000)
Compensated absences	540,522
Net pension asset, liability and deferred outflows/inflows related to pensions	(18,628,626)
Net OPEB liability and deferred outflows/inflows related to OPEB	(7,756,164)

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 Position - All Internal Service Funds	<u>1,282,550</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>(\$23,115,665)</u></u>

See accompanying notes to financial statements

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**CITY OF RICHMOND
JUNE 30, 2019**

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 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2019.

Generally accepted accounting principles do 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.

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals
ASSETS					
Current assets:					
Cash and investments (Note 3)	\$3,598,450		\$19,670,638	\$3,794,302	\$27,063,390
Restricted cash and investments (Note 3)	97,786	\$9,440,965	33,273,717	85,638	42,898,106
Receivables:					
Accounts, net	201,604	4,796,668	78,446	389,057	5,465,775
Interest		1,807	47,450	8,854	58,111
Grants	182,195				182,195
Prepays					
Due from other funds (Note 4A)					10,776,581
Total current assets	<u>4,080,035</u>	<u>14,239,440</u>	<u>53,070,251</u>	<u>4,277,851</u>	<u>75,667,577</u>
Noncurrent assets:					
Receivables:					
Due from developer	11,221,743				11,221,743
Capital assets (Note 6):					
Nondepreciable	1,708,686	4,937,160	5,843,180	1,466,914	13,955,940
Depreciable, net	14,677,868	38,602,101	120,405,071	2,491,930	176,176,970
Advances to other funds (Note 4B)			901,396	167,451	1,068,847
Total noncurrent assets	<u>27,608,297</u>	<u>43,539,261</u>	<u>127,149,647</u>	<u>4,126,295</u>	<u>202,423,500</u>
Total Assets	<u>31,688,332</u>	<u>57,778,701</u>	<u>180,219,898</u>	<u>8,404,146</u>	<u>278,091,077</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Note 10)	496,200	184,619	361,614	263,158	1,305,591
Deferred outflows related to OPEB (Note 12)	134,893	30,512	53,529	50,317	269,251
Deferred charge on refunding (Note 2H)			6,941,917		6,941,917
Total Deferred outflows of resources	<u>631,093</u>	<u>215,131</u>	<u>7,357,060</u>	<u>313,475</u>	<u>8,516,759</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,898,274	269,070	684,174	143,218	2,994,736
Interest payable		989,469	726,673	104,248	1,820,390
Due to other funds (Note 4A)	6,254,295	533,460		664,914	7,452,669
Refundable deposits	93,350	205,423		86,838	385,611
Compensated absences (Note 2D)	1,979	6,905	46,286	42,762	97,932
Claims payable (Note 14)					13,577,334
Current portion of long-term debt (Note 7B)		3,600,000	2,430,000	93,090	6,123,090
Total current liabilities	<u>8,247,898</u>	<u>5,604,327</u>	<u>3,887,133</u>	<u>1,135,070</u>	<u>18,874,428</u>
Noncurrent liabilities:					
Advances from other funds (Note 4B)	3,458,884	13,633,624		2,433,894	19,526,402
Compensated absences (Note 2D)	17,805	235,614	35,294	22,491	311,204
Unearned revenue (Note 8)	769,822	520,000	36,280		1,326,102
Claims payable (Note 14)					31,000,665
Long-term debt, net (Note 7B)	700,000	26,731,623	142,381,738	2,434,137	172,247,498
Net pension liability (Note 10)	4,218,230	1,569,456	3,074,109	2,237,131	11,098,926
Net OPEB liability (Note 12)	4,883,317	1,104,560	1,937,824	1,821,555	9,747,256
Total noncurrent liabilities	<u>14,048,058</u>	<u>43,794,877</u>	<u>147,465,245</u>	<u>8,949,208</u>	<u>214,257,388</u>
Total Liabilities	<u>22,295,956</u>	<u>49,399,204</u>	<u>151,352,378</u>	<u>10,084,278</u>	<u>233,131,816</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Note 10)	143,694	53,464	104,720	76,209	378,087
Deferred inflows related to OPEB (Note 12)	70,275	15,896	27,887	26,213	140,271
Total Deferred inflows of resources	<u>213,969</u>	<u>69,360</u>	<u>132,607</u>	<u>102,422</u>	<u>518,358</u>
NET POSITION (Note 9)					
Net investment in capital assets	15,784,340	13,207,638	21,652,147	1,517,255	52,161,380
Restricted for debt service		9,440,965			9,440,965
Unrestricted	(5,974,840)	(14,123,335)	14,439,826	(2,986,334)	(8,644,683)
Total Net Position	<u>\$9,809,500</u>	<u>\$8,525,268</u>	<u>\$36,091,973</u>	<u>(\$1,469,079)</u>	<u>\$52,957,662</u>

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Activities- Internal Service Funds
OPERATING REVENUES				Totals	
Rental	\$692,525			\$692,525	
Service charges	798,770	\$2,905,128	\$24,345,522	\$3,178,488	\$30,089,445
Lease income		7,682,406		607,028	
Other	1,837,777	41,695	131,445	2,010,917	
Total Operating Revenues	3,329,072	10,629,229	24,476,967	3,785,516	42,220,784
OPERATING EXPENSES					
Salaries and benefits	2,350,299	721,313	1,776,740	900,496	5,748,848
General and administrative	4,899,483	2,052,829	8,932,827	1,636,660	17,521,799
Maintenance	1,132,965	407,532	13,857	28,485	1,582,839
Depreciation	1,626,015	3,573,847	3,457,693	134,814	8,792,369
Housing assistance	26,757,557				26,757,557
Claims losses					19,057,282
Other		5,176	218,335	3,124	226,635
Total Operating Expenses	36,766,319	6,760,697	14,399,452	2,703,579	60,630,047
Operating Income (Loss)	(33,437,247)	3,868,532	10,077,515	1,081,937	(18,409,263)
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) from retirement of capital assets					(67,380)
Interest income	320	154,332	(1,227,867)	57,756	708,400
Grants	28,666,300			1,136,120	29,802,420
Interest (expense)		(2,050,789)	(4,860,545)	(187,550)	(7,098,884)
Total Nonoperating Revenues (Expenses)	28,666,620	(1,896,457)	(6,088,412)	1,006,326	21,688,077
Income (Loss) Before Contributions and Transfers	(4,770,627)	1,972,075	3,989,103	2,088,263	3,278,814
Capital contributions/grants	572,659		785,358		1,358,017
Transfers in (Note 4C)					576,018
Transfers out (Note 4C)		(16,275)		(86,778)	(103,053)
Total Contributions and Transfers	572,659	(16,275)	785,358	(86,778)	1,254,964
Change in net position	(4,197,968)	1,955,800	4,774,461	2,001,485	4,533,778
BEGINNING NET POSITION (DEFICIT), as restated (Note 9E)	14,007,468	6,569,468	31,317,512	(3,470,564)	48,423,884
ENDING NET POSITION (DEFICIT)	\$9,809,500	\$8,525,268	\$36,091,973	(\$1,469,079)	\$52,957,662

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds	
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds		
					Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$4,125,338	\$11,289,730	\$24,894,439	\$3,824,888	\$44,134,395	\$30,345,776
Payments to suppliers	(32,424,621)	(2,565,150)	(10,143,910)	(1,700,372)	(46,834,053)	(3,037,174)
Payments to employees	(2,089,728)	(818,026)	(1,480,926)	(1,071,627)	(5,460,307)	(7,729,547)
Insurance premiums and claims paid						(12,186,857)
Cash Flows from Operating Activities	(30,389,011)	7,906,554	13,269,603	1,052,889	(8,159,965)	7,392,198
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	2,597,125				2,597,125	3,617,234
Interfund payments		(2,670,132)		(223,525)	(2,893,657)	
Receipts from other governments	29,170,389				29,170,389	
Transfers in						576,018
Transfers out		(16,275)		(86,778)	(103,053)	
Cash Flows from Noncapital Financing Activities	31,767,514	(2,686,407)		(310,303)	28,770,804	4,193,252
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Receipts from other governments			461,358		461,358	
Grant receipts	572,659			1,136,120	1,708,779	1,285,074
Acquisition of capital assets	(137,359)		(12,316,731)	(1,591,772)	(14,045,862)	(1,361,865)
Issuance of long-term debt			88,585,000		88,585,000	
Premium on bonds			16,003,420		16,003,420	
Cost of issuance			(783,917)		(783,917)	
Swap termination payment			(8,523,000)		(8,523,000)	
Payment to bond escrow agent			(39,524,717)		(39,524,717)	
Principal payments on capital debt		(3,320,000)	(35,240,000)	(89,081)	(38,649,081)	(224,192)
Interest paid		(2,126,229)	(5,286,578)	(191,225)	(7,604,032)	(101,826)
Cash Flows from Capital and Related Financing Activities	435,300	(5,446,229)	3,374,835	(735,958)	(2,372,052)	(402,809)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	320	152,525	542,004	56,991	751,840	678,164
Cash Flows from Investing Activities	320	152,525	542,004	56,991	751,840	678,164
Net Cash Flows	1,814,123	(73,557)	17,186,442	63,619	18,990,627	11,860,805
Cash and investments at beginning of period	1,882,113	9,514,522	35,757,913	3,816,321	50,970,869	23,338,279
Cash and investments at end of period	\$3,696,236	\$9,440,965	\$52,944,355	\$3,879,940	\$69,961,496	\$35,199,084
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$33,437,247)	\$3,868,532	\$10,077,515	\$1,081,937	(\$18,409,263)	(\$1,249,740)
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	1,626,015	3,573,847	3,457,693	134,814	8,792,369	1,083,670
Retirement of capital assets	262,745				262,745	
Change in assets and liabilities:						
Receivables, net	100,037	618,128	417,472	39,372	1,175,009	230,209
Prepays and other assets	18,609				18,609	
Accounts payable and accrued liabilities and other accrued expenses	84,030	(86,055)	(978,891)	(32,103)	(1,013,019)	154,727
Refundable deposits	(3,402)	42,373			38,971	
Unearned revenue	699,631	(13,558)			686,073	(88,112)
Compensated absences payable	(83,208)	6,402	1,794	11,082	(63,930)	22,615
Claims payable						6,870,425
Net pension liability and deferred outflows/inflows of resources	135,560	(150,212)	211,394	(259,881)	(63,139)	277,515
Net pension OPEB and deferred outflows/inflows of resources	208,219	47,097	82,626	77,668	415,610	90,889
Cash Flows from Operating Activities	(\$30,389,011)	\$7,906,554	\$13,269,603	\$1,052,889	(\$8,159,965)	\$7,392,198
Non-cash transactions:						
Change in fair value of investment derivative			\$6,744,600		\$6,744,600	
Amortization of deferred charge on refunding			3,013,897		3,013,897	
Contributions of capital assets			324,000		324,000	\$130,956
Retirement of capital assets	(\$262,745)				(262,745)	(67,377)

See accompanying notes to financial statements

**CITY OF RICHMOND
JUNE 30, 2019**

FIDUCIARY FUNDS

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

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

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

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

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2019

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and investments (Note 3)		\$14,203,554	\$12,133,452
Restricted cash and investments (Note 3)		27,700,783	1,347,210
Investment in reassessment bonds (Note 3)			8,090,694
Pension and OPEB plan cash and investments (Notes 11C and 12B):			
City of Richmond Investment Pool	\$1,225,569		
Local Agency Investment Fund	180,243		
Mutual fund investments	29,844,628		
Accounts receivable		158,779	396,204
Interest receivable	1,480		12,322
Grants receivable		82,961	
Loans receivable (Note 17B)		1,394,000	
Prepays and other assets		6,157,440	
Total Assets	31,251,920	49,697,517	\$21,979,882
LIABILITIES			
Accounts payable and accrued liabilities		235,118	\$7,192,848
Refundable deposits payable			1,627,447
Interest payable		1,118,626	
Derivative instrument at fair value - liability (Note 17D)		3,410,900	
Long-term debt (Note 17D):			
Due within one year		9,158,728	
Due in more than one year		77,943,325	
Due to assessment district bondholders			13,159,587
Total Liabilities		91,866,697	\$21,979,882
NET POSITION			
Restricted for employees' pension and OPEB benefits	\$31,251,920		
Held in trust for other governments		(\$42,169,180)	

See accompanying notes to financial statements

CITY OF RICHMOND
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Property taxes		\$10,714,239
Contributions from the City	\$8,982,625	
Contributions from employees	532,288	
Net investment income:		
Net increase (decrease) in the fair value of investments	411,811	
Interest income	1,473,384	1,189,191
Investment management fees	(135,950)	
Gain from sale of property		<u>589,054</u>
Total Additions	<u>11,264,158</u>	<u>12,492,484</u>
DEDUCTIONS		
Community development		3,138,826
Loss from sale of property		463,167
Pension and OPEB benefits	10,072,190	
Payments in accordance with trust agreements		265,969
Interest and fiscal charges		4,662,021
Other		
Total Deductions	<u>10,072,190</u>	<u>8,529,983</u>
Change in net position	1,191,968	3,962,501
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>30,059,952</u>	<u>(46,131,681)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$31,251,920</u>	<u>(\$42,169,180)</u>

See accompanying notes to financial statements

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**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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 joint powers financing authority, and a parking authority which is inactive.

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

A. PRIMARY GOVERNMENT

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, 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 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 former 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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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

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 the members of the City Council serve as the Board of Directors. 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 Neighborhood Stabilization Corporation (RNSC) – A California nonprofit public benefit Corporation formed in July 2009 by the City and the former Redevelopment Agency under the laws of the State of California. The Corporation was organized for the purpose of administering and operating the City's Neighborhood Stabilization Program (NSP), which includes purchasing, developing, financing, rehabilitating, land banking and/or demolishing blighted properties and foreclosed or abandoned properties utilizing the NSP funds or other public and private funding sources, and assisting the City and the Agency in providing affordable home ownership opportunities for households of low and moderate income by facilitating the financing necessary for the sale and resale of deed-restricted affordable ownership units to low and moderate income households at affordable costs, and other similar functions.

The Corporation is governed by a board of directors consisting of the City Manager, the Finance Director, and five other City and Housing Authority Directors. Although the RNSC is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the RNSC and members of the Board of Directors are appointed by City Council and City management has operational responsibility for the RNSC. The operations of the RNSC are included in the City's basic financial statements as a special revenue fund. Separate financial statements for the RNSC may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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

B. DISCRETELY PRESENTED COMPONENT UNITS

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, however RHA Properties manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Properties are discretely presented in the RHA Properties Component Unit column of the Statement of Net Position and the Statement of Activities.

RHA Housing Corporation – RHA Housing Corporation was incorporated and registered on January 26, 2004 as a California nonprofit public benefit corporation to benefit and support the RHA with respect to the Easter Hill development. RHA Housing Corporation entered into RAD Conversion redevelopment activities and it acts as the sole and managing member of RHA RAD LLC. The Corporation's fiscal year ends on December 31, 2019. The City and Housing Authority exercise significant financial and management control over RHA Housing Corporation and appoint members of the Board of Directors, however RHA Housing Corporation manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Housing Corporation are discretely presented in the RHA Housing Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA Housing Corporation may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

RHA RAD LLC – A California limited liability company was formed on July 11, 2013 by RHA Housing Corporation, the sole and managing member. The Company is operated exclusively to further the tax exempt charitable purposes of the sole and managing member to provide affordable housing for low-income persons where no adequate housing exists for such persons, and to own and operate housing for the benefit of low-income persons who are in need of affordable, decent, safe and sanitary housing and related services, where an inadequate supply of housing exists for such persons. The City and Housing Authority exercise significant financial and management control over RHA RAD LLC and RHA Housing Corporation is the sole member of RHA RAD LLC, however RHA RAD LLC manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA RAD LLC are discretely presented in the RHA RAD LLC Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA RAD LLC may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

In order for the Authority to proceed in its participation into the RAD Program as discussed in Note 16J, RHA RAD LLC shall act as the managing general partner of RHA RAD Housing Partnership LP.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Basis of Accounting and Measurement Focus*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, 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 Position 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, deferred outflows/inflows of resources and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents all the City's revenues, expenses and other changes in Net Position. 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 Position 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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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 position as presented in these statements to the net position 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 ninety 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 ninety 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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, liabilities and deferred outflows/inflows of resources (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of when cash changes hands.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B. Major Funds

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

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

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

Community Development and Loan Programs Special Revenue Fund – The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in Notes 5 and 16D, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds. The funds account for insurance reserves, equipment services and replacement and police telecommunications, all of which are provided to other departments on a cost-reimbursement basis.

Trust Funds. The Pension and OPEB Trust Funds account for assets held by the City as an Agent for various functions. The General Pension, Police and Fireman's and Garfield Pension Funds account for the accumulation of resources to be used for retiree pension payments at appropriate amounts and times in the future. The Pt. Molate Private-Purpose Trust Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate as discussed in Note 16G. The Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund was established as of February 1, 2012 to account for the activities of the Successor Agency to the former Richmond Community Redevelopment Agency as discussed in Note 17. The financial activities of the Trust Funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

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

C. *Prepays and Supplies*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance 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 governmental funds at the time individual inventory items are consumed rather than when purchased. Reported governmental fund inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

D. *Compensated Absences*

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Compensated Absences*

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$13,397,009	\$473,066	\$13,870,075
Additions	7,269,643	241,444	7,511,087
Payments	(7,787,550)	(305,374)	(8,092,924)
Ending Balance	<u>\$12,879,102</u>	<u>\$409,136</u>	<u>\$13,288,238</u>
Current Portion	<u>\$7,274,224</u>	<u>\$97,932</u>	<u>\$7,372,156</u>

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

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

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

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

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

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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Expenditures in Excess of Appropriations

The following funds incurred departmental expenditures in excess of appropriations.

Fund/Department	Excess of Expenditures Over Appropriations
State Gas Tax Special Revenue Fund	
Public works	\$392,694
General Purpose Special Revenue Fund	
Public works	68,934
Civic Center Debt Service Fund	
Debt service - interest and fiscal charges	389

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The first item that qualifies for reporting in this category is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows of resources related to pensions and OPEB as discussed in Notes 10, 11 and 12.

In addition to liabilities, the statement of net position or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The first item which qualifies for reporting in this category arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: loans receivable, grants receivable and interest on interfund advances. See Note 8 for further discussion. The City also has deferred inflows of resources related to pensions and OPEB as discussed in Notes 10, 11 and 12. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it, called a deferred charge on refunding, is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred inflow or outflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

I. Property Held for Resale

Property held for resale is accounted for at the lower of cost or net realizable value or agreed upon sales price if a disposition agreement has been made with a developer.

The City received five properties for resale in fiscal year 2013 with a book value of \$573,822 from the acceptance of a deed in lieu of foreclosure on the property related to developer defaults on prior loans under the Richmond Neighborhood Stabilization loan program discussed in Note 5. These properties were rehabilitated during fiscal years 2014 and 2015 increasing the carrying value by a total of \$749,716 and \$39,303, respectively. In fiscal year 2014, the City received an additional four properties with a carrying value of \$648,238. Six properties were sold in fiscal year 2016, the remaining two properties held for resale had a book value of \$671,255 as of June 30, 2017. In fiscal year 2018, one property was sold during the year, and the carrying value of the one remaining property held for resale was \$78,016 as of June 30, 2019.

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the PARS Trust. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. *Use of Estimates*

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

M. *New Funds*

The Richmond Police Officers Association (RPOA) OPEB Plan Trust Fund was established during fiscal year 2019 to account for the medical benefits for Richmond police officers.

NOTE 3 – CASH AND INVESTMENTS

A. *Investments and Cash Deposits*

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

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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.

B. Cash, Cash Equivalents and Investments

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

C. Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2019:

Cash and investments	\$112,905,340
Restricted cash and investments	58,062,990
Total Primary Government cash and investments	170,968,330
 Cash and investments	 6,239
Total Discrete Component Unit cash and investments	6,239
 Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	26,337,006
Restricted cash and investments	29,047,993
Investments in reassessment bonds	8,090,694
Total Fiduciary Funds cash and investments	63,475,693
Total cash and investments	\$234,450,262

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	A	None	None
Obligations issued by United States Government Federally Sponsored Agencies	5 years		90%	None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None	None
Commercial Paper	270 days	Top rating category	10% (A)	10%
Negotiable Certificates of Deposit	5 years	A	20%	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 (LAIF)	N/A		None	\$50 Mil/ acct
Investment Trust of California (CalTrust)	N/A		None	None

(A): City may invest an additional 15% or a total of 25% of City surplus money, only if dollar-weighted average maturity of the entire amount does not exceed 31 days.

Prohibited Investments

Under the City's Investment Policy, the City imposed restrictions on investments. The City cannot invest in any funds in inverse floaters, range notes, or interest only Separate Trading of Registered Interest and Principal of Securities (STRIPS) that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity (other than money market mutual funds).

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. *Investments Authorized by the California Government Code and the Housing Authority's Investment Policy*

The California Government Code allows the Authority to invest in the following; provided approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

Authorized Investment Type	Maximum Maturity	Specified Percentage of Portfolio	Minimum Credit Quality
Local Agency Bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
CA Local Agency obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	A1/P1
Commercial Paper - select agencies	270 days	40%	A1/P1
Commercial Paper - other agencies	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	A
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund	N/A	None	None
Supranationals	5 years	30%	AA

There are no restrictions on the maximum amount invested in each security type or maximum that can be invested in any one issuer.

The Authority does not have reverse repurchase agreements.

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

Under the terms of the City's and Agency's and debt issues and lease agreements, the City and Agency are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's and Agency's 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, 2019, the City and Agency were in compliance with the terms of all these restrictions.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Interest Rate Risk

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

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

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	
Primary Government:					
California Local Agency Investment Fund	\$62,272,821				\$62,272,821
CalTrust Short Term Fund	48,428,646				48,428,646
CalTrust Medium Term Fund	85,638				85,638
U.S. Treasury Note	396,488				396,488
Held by Trustee:					
Money Market Mutual Funds (U.S. Securities)	73,071,889				73,071,889
Investment Agreement			\$1,039,778		1,039,778
Guaranteed Investment Contracts	564,000			625,001	1,189,001
Reassessment Bonds	1,313,400	\$482,700	\$1,030,484	5,264,110	8,090,694
Total Investments	\$186,132,882	\$482,700	\$2,070,262	\$5,889,111	194,574,955
Cash in Banks and on hand - <i>Primary Government</i>					39,869,068
Cash in Banks - RHA Housing Corporation					6,239
Total Cash and Investments					\$234,450,262

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$65 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. 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, 2019, these investments matured in an average of 173 days.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City is a participant in the Short-Term Fund and Medium-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 in the Short-Term Fund is available for withdrawal on demand and the balance in the Medium-Term Fund is available for withdrawal upon two days' notice, 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 and CalTrust's Medium-Term Fund has a target portfolio duration of 1.5 to 3.5 years. At June 30, 2019 the Short-Term Fund investments matured in an average of 296 days and the Medium-Term Fund investments matured in an average of 734 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2019 have an average maturity from 17 to 57 days.

H. 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, 2019 for each investment type:

Investment Type	AAAm	AAf	A+f	Total
Money Market Mutual Funds (U.S. Securities)	\$73,071,889			\$73,071,889
CalTrust Short Term Fund		\$48,428,646		48,428,646
CalTrust Medium Term Fund			\$85,638	85,638
Totals	<u>\$73,071,889</u>	<u>\$48,428,646</u>	<u>\$85,638</u>	121,586,173

Not Rated:

California Local Agency Investment Fund	62,272,821
Investment Agreement	1,039,778
Guaranteed Investment Contracts	1,189,001
Municipal Bonds	8,090,694

Exempt from Credit Rating Disclosure:

U.S. Treasury Note	396,488

Total Investments	<u>194,574,955</u>
Cash in Banks and On Hand - <i>Primary Government</i>	39,869,068
Cash in Banks - RHA Housing Corporation	6,239
Total Cash and Investments	<u>\$234,450,262</u>

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

Investment Type	Total
Level 2 Investment:	
U.S. Treasury Note	\$396,488
Investments Measured at Amortized Cost:	
Held by Trustee:	
Investment Agreement	1,039,778
Guaranteed Investment Contracts	1,189,001
Municipal Bonds	8,090,694
Money Market Mutual Funds	73,071,889
Investments Not Subject to Fair Value Hierarchy:	
California Local Agency Investment Fund	62,272,821
CalTrust Short Term Fund	48,428,646
CalTrust Medium Term Fund	85,638
Total Investments	\$194,574,955

J. Concentration of Credit Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, investment pools and money market funds, in Fiduciary Funds at June 30, 2019 were as follows:

Fiduciary Funds	Issuer	Type of Investment	Amount
Agency Funds:			
2006 A&B Reassessment District	City of Richmond JPFA	Municipal Bonds	\$7,240,694
JPFA Reassessment	City of Richmond JPFA	Municipal Bonds	850,000

K. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned it. As of June 30, 2019, the book value of the City's cash with banks and petty cash was \$39,869,068. Of the City's bank balances of \$43,814,086 as of June 30, 2019, \$2,723,755 was exposed to custodial credit risk, because it was not FDIC insured or collateralized.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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, 2019 were as follows:

Due From Other Funds	Due To Other Funds	Amount
Internal Service Fund	Non Major Governmental Funds	\$3,323,912
	Richmond Housing Authority Enterprise Fund	6,254,295
	Port of Richmond Enterprise Fund	533,460
	Municipal Sewer Enterprise Fund	664,914
	Total	\$10,776,581

B. Long-Term Interfund Advances

At June 30, 2019 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
Richmond Housing Authority Enterprise Fund	General Fund	\$2,215,970
	Community Development and Loan Programs	174,067
	Municipal Sewer Enterprise Fund	901,396
	Non Major Enterprise Funds	167,451
Port of Richmond Enterprise Fund	General Fund	13,633,624
Non Major Enterprise Fund	Internal Service Fund	2,433,894
	Total	\$19,526,402

Under the terms of a May 2013 Memorandum of Understanding (MOU) between the Housing Authority and RHA Properties, RHA Properties had paid a financial sanction imposed by the Office of the Inspector General (OIG) of \$2,257,799 to the Housing Authority from the sale proceeds of the Westridge at Hilltop Apartments. The Housing Authority used those proceeds to retire outstanding debt owed to the General Fund in fiscal year 2017. The Department of Housing and Urban Development (HUD) disputed the use of the sale proceeds for the repayment of the General Fund loan, as discussed in Note 16D. Although management disputed HUD's claim, in April 2018 the City and RHA entered into a settlement agreement with HUD under which the City agreed to return \$2,096,527 to the Housing Authority, which reestablished the General Fund's loan to the Housing Authority. During fiscal year 2018, the prior short-term amount due to the General Fund of \$119,443 to the Housing Authority for Hope VI was added to the advance. The balance of the advance was \$2,215,970 as of June 30, 2019.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

In fiscal 2007, the former Redevelopment Agency advanced \$174,067 to the Richmond Housing Authority Enterprise Fund, collateralized by a deed of trust on the Westridge at Hilltop Apartments, to assist the Authority with its lease payments for the 2003 A-S Multifamily Housing Revenue Bonds. The loan bears interest of 3%. In fiscal 2012, the advance receivable was transferred to the City as Housing Successor to the former Redevelopment Agency and is recorded in the Community Development and Loan Programs Special Revenue Fund.

In fiscal years 2007 through 2014, the General Fund and the Municipal Sewer and Storm Sewer Enterprise Funds made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and was payable in 135 monthly installments of \$30,000 and one final installment of \$22,446 on or before August 1, 2021. On June 28, 2011 the agreement was amended to make the monthly payments \$50,000 for the remaining 71 payments, starting July 1, 2011, and one final installment of \$36,634. However, in lieu of monthly payments, repayment may be in a lump sum on August 1, 2021. During fiscal year 2013, \$6,600,000 of the advance was assumed by RHA Properties and was classified as a loan receivable, as discussed in Note 5. No repayments were made during fiscal year 2019 and the remaining balance of the interfund advance as of June 30, 2019 is \$1,068,847.

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 did not bear interest for the first three years; the next five years it bore an interest rate of 4%, with the balance payable on or before June 30, 2015. The advance repayment terms were amended in October 2013, effective June 30, 2013, to convert the accrued unpaid interest of \$745,119 to principal and reduce the advance balance by \$842,877, and the advance no longer bears interest. Annual principal payments of \$150,000 are due beginning June 30, 2014 through June 30, 2066, with a final principal payment of \$32,593 due on June 30, 2067, and in addition to those payments, the annual berthing cost of the vessel Red Oak Victory at the Port that is to be paid by the General Fund will instead offset and reduce the principal balance of the advance based on an established rental schedule. Historical rental payments from August 2004 to June 30, 2012 totaling \$842,877 were applied to the principal balance of the loan as of June 30, 2013. Another provision of the amended agreement provides that upon the sale of any Port property, including Terminal One and Terminal Four, the proceeds from the sale are to be used to repay and reduce the principal balance of the advance. The balance of the advance as of June 30, 2019 is \$13,633,624.

In fiscal 2008 the General Fund advanced \$1,758,342 to the Storm Sewer Enterprise Fund for the purpose of providing a clean storm sewer system and street sweeping activities. In fiscal year 2009 the advance was moved to the Insurance Reserves Internal Service Fund. The advance bears interest of 4.34% and is payable as follows: Semi-annual principal and interest payments in the amount of \$52,460 are to be made April 30 and December 31 of each year commencing in December 2009 until December 2038. The final interest payment of \$52,298 and the outstanding principal balance is due April 30, 2039. The Storm Sewer Enterprise Fund did not make the required payments during fiscal years 2015, 2016, 2017, 2018 and 2019; therefore unpaid interest of \$330,709 was added to the balance of the loan. The balance of the advance and accrued interest as of June 30, 2019 is \$2,433,894.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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 the transfers is to move General Fund resources to provide an annual subsidy to the Cost Recovery Fund and other non-major governmental funds, as well fund debt service, pension costs and capital projects. Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non Major Governmental Funds	\$7,488,722
	Non Major Enterprise Fund	86,778
Community Development and Loan Programs	General Fund	1,818,221
Non Major Governmental Funds	General Fund	7,472,687
	Port of Richmond Enterprise Funds	16,275
	Non Major Governmental Funds	2,333,165
Internal Service Funds	General Fund	576,018
	Total Interfund Transfers	<u>\$19,791,866</u>

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of \$7,488,640 to fund current year pension contributions to CalPERS, which is included in transfers from Non-Major Governmental Funds, and the transfer from the General Fund to the Community Development and Loan Programs Special Revenue Fund related to the purchase of loans discussed in Note 5.

In addition, governmental activities transferred capital assets of \$324,000 to the Municipal Sewer Enterprise Fund.

D. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE

At June 30, 2019, notes and loans receivable consisted of the following:

	Amount
General Fund:	
RHA RAD Project Loan	\$731,490
Deferred Loans	353,335
Infill Phase II Loan	1,364,698
Nevin Court Homeowner Development Project	490,203
Subtotal - General Fund Loans	<u>2,939,726</u>
Richmond Neighborhood Stabilization Loans	<u>779,013</u>
Community Development Block Grant, Home Investment Partnership Program, EDA, CALHome Loans and City Loans	
Deferred Loans	3,540,974
Home Improvement Program Loans	874,325
Rental Rehabilitation Loans	385,474
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,334,355
Lillie Mae Jones Project Loan	1,284,405
EDA Loans	490,086
CALHome Program	2,737,210
RHA RAD Project Loan	3,660,504
Subtotal - CDBG, HOME, EDA, CALHome Loans, City Loans	<u>15,455,823</u>
Housing Successor Loans:	
Rental Rehabilitation Loans	20,000
The Carquinez Project	1,152,510
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,189,999
Lillie Mae Jones Project Loan	2,409,623
Miraflores Loan	3,041,145
MacDonald Place Senior Housing	4,350,649
Heritage Park Development	6,216
Silent Second Mortgage Loans	1,689,161
Deferred Loans	625,326
Chesley Avenue Mutual Housing Development	6,014,290
Easter Hill Project	4,777,408
RHA RAD Project Loan	1,138,356
Subtotal - Housing Successor Loans	<u>27,414,683</u>
Total Notes and Loans Receivable	<u>\$46,589,245</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The CalTrans loan consisted 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 homes located in North Richmond. The final loan payments were made during fiscal year 2019.

RHA RAD Project

In December 2014, the General Fund loaned \$700,000 to the Richmond Housing Authority Enterprise Fund for predevelopment costs related to the Triangle Court and Friendship Manor Rental Assistance Demonstration (RAD) Projects.

In December 2015, the loan agreement was replaced and the City entered into an amended agreement to loan \$5,400,000 to the RHA Housing Corporation for the furtherance of the development of the RAD Projects as discussed in Note 16J. Funding for the loan was revised in fiscal year 2018 and is as follows: \$700,000 from the City's General Fund, \$3,600,000 will come from housing-in-lieu funds and \$1,100,000 from the Housing Successor funds. The housing-in-lieu funds and Housing Successor Funds are included in the Community Development and Loan Programs Fund. RHA Housing Corporation assigned the loan agreement and associated obligations to RHA RAD Housing Partners L.P. on December 22, 2015 upon closing of the financing for the rehabilitation of the RAD projects. See Note 16J for additional information related to the RAD projects. The loan is secured by a leasehold deed of trust, assignment of rents and security agreement. The loan bears simple interest of 1% and the loan is repayable from residual receipts, as defined in the loan agreement, starting May 1 of the year after issuance of the Certificate of Completion, and unpaid principal and accrued interest is due December 1, 2070. As noted above, \$700,000 of the General Fund loan was disbursed in December 2014 and the balance at June 30, 2019, including accrued interest, was \$731,490. As of June 30, 2019, \$4,798,860 of the funds had been drawn down from the Housing Successor Community Development and Loan Programs Fund.

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.

During fiscal year 2019, the City's General Fund purchased a portion of the deferred loans in the amount of \$353,335 and the loans were transferred to the General Fund.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

Scattered Site Infill Housing Development (Infill Phase II)

Under a loan agreement dated September 30, 2010, the City loaned Community Housing Development Corporation of North Richmond \$1,198,013 to fund construction of 36 townhomes to be made available for very-low and low income households. Funding for the loan was as follows: \$602,556 in HOME funds, \$266,000 in CDBG funds and \$329,457 in CDBG-R. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs discussed in Note 16D, during fiscal year 2018 the City purchased \$1,331,709 of the loan balance that had previously been funded with Community Development Block Grant and HOME funds.

During fiscal year 2019, the City's General Fund purchased the loan balance in the amount of \$1,099,594 and the loan and accrued interest of \$265,104 were transferred to the General Fund.

The current funding was for predevelopment activities in conjunction with the construction and development of the townhomes. The loan is secured by a deed of trust on the property. The outstanding balance of the loan bears simple interest at the rate of 3% per year. The payment of principal and interest is deferred and due at the end of the term due September 30, 2065. As of June 30, 2019, \$1,364,698 had been drawn down on the loan.

Nevin Court Homeowner Development Project

In May 2005, the City entered into an agreement with Community Housing and Development Corporation of North Richmond (Development), in the original amount of \$227,000 to construct and develop 10 single family homes for low and moderate income households. The agreement was amended in November 2008, to increase the loan to \$377,000. In fiscal year 2010, the Development drew down \$343,839, in fiscal year 2016 an additional \$21,453 was drawn, and the outstanding balance of the loan is \$490,203, which includes accrued interest of \$124,911. The loan bears interest of 3% per year and the unpaid balance is due in November 2063.

During fiscal year 2019, the City's General Fund purchased the loan balance in the amount of \$365,292 and the loan and accrued interest of \$124,911 were transferred to the General Fund

Richmond Neighborhood Stabilization Loans

The Richmond Neighborhood Stabilization Corporation (RNSC) operates a residential rehabilitation loan program financed by Department of Housing and Urban Development grants that have passed through the City under its Neighborhood Stabilization Program (NSP1) and additional allocation under the third round of funding referred to as (NSP3). The program provides affordable home ownership opportunities for households of low and moderate income by facilitating the development financing necessary for the purchase, rehabilitation, and resale of deed-restricted affordable ownership units. During fiscal year 2014, the City foreclosed on seven of the loans with a carrying value of \$780,153 and reacquired the properties which have been recorded as property held for resale as discussed in Note 2I. As of June 30, 2019, the total balance of outstanding loans for NSP1 was \$779,013 and no NSP3 loans had been issued. Loans are payable upon the resale of improved properties.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

East Bay Center for the Performing Arts

On June 12, 2009 the former Redevelopment Agency entered into an agreement to loan \$2,500,000 to the East Bay Center (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 bore interest of 3% per year and repayments of accrued interest was due in quarterly installments. The Center made a payment of \$1,100,000 prior to January 31, 2012. Due to the dissolution of the Redevelopment Agency effective January 31, 2012 as discussed in Note 17, the balance of the loan was evaluated and it was determined that although the Redevelopment Agency implemented and administered the loan, the Insurance Internal Service Fund had funded the loan via an interfund advance and therefore the interfund advance was repaid in fiscal year 2012 by transferring the loan receivable to the Insurance Internal Service Fund. The agreement with the Center was amended on June 27, 2012, to reduce the interest rate to 0% and extend the repayment of the remaining \$1,400,000 to June 30, 2016.

On February 18, 2014, the agreement was amended a second time to extend the maturity date of the loan to June 30, 2018 and to provide an annual grant from the City in the amount of \$200,000 for the next five years beginning in June 2014. The loan was amended a third time to extend the maturity date of the loan to June 30, 2019. The annual grant was used to eliminate the remaining balance on the loan in fiscal year 2019.

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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

The Carquinez Project

Under a loan agreement dated November 14, 2008, the former Redevelopment Agency loaned Carquinez Associates, L.P. \$1,000,000 to fund rehabilitation of a five-story building, with 36 apartments housing low-income seniors. On August 23, 2010 the agreement was amended to provide the Developer with a total amount of \$1,301,000. Funding for the loan is as follows: \$1,152,510 funded by Series 2007 Bonds and \$148,900 funded by CDBG. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Carquinez loan as of February 1, 2012.

Creely Avenue Housing Rehabilitation (Arbors)

On September 15, 2006, the former Redevelopment Agency and the City loaned Arbors Preservation Limited Partnership the amount of \$2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. On October 31, 2008, the loan was amended to provide the developer a total loan amount of \$3,208,113. Funding for the loan is as follows: \$2,160,282 in HOME funds, \$103,377 in CDBG funds and \$1,594,057 in 2007 Series B bond funds. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. 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. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Arbors loan as of February 1, 2012.

Lillie Mae Jones Project

On January 19, 2010, the former Redevelopment Agency and the City entered into an agreement with Lillie Mae Jones Plaza, L.P. and the Community Housing Development Corporation of North Richmond to loan \$3,119,000 to construct and provide 26 housing units to very low and low income households. Funding for the loan is as follows: \$1,081,291 in HOME funds, \$84,000 in Section 108 funds and \$1,953,709 in 2007 Series B bonds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. The loan bears an interest rate of 3% per year and repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest is due in January 2065. The agreement was amended in November 2011, due to securing a \$293,884 loan from County of Contra Costa with Mental Health Services Act, which specifies that two units are required to be available to and occupied by Mental Health Services Act Eligible Tenants pursuant to the County Regulatory Agreement with Lillie Mae Jones Plaza, L.P. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Lillie Mae Jones loan as of February 1, 2012. As of June 30, 2019, Lillie Mae Jones has drawn down \$3,694,028.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

EDA Loans

The Agency's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives. With the dissolution of the Redevelopment Agency as discussed in Note 17, the EDA loan program that was funded with grant funds from the Economic Development Administration is now administered by the City effective February 1, 2012.

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. With the dissolution of the Redevelopment Agency as discussed in Note 17, the CALHome loan program that was funded with grant funds is now administered by the City effective February 1, 2012.

Housing Successor Loans

With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of certain loans discussed above and all of the loans below as of February 1, 2012.

Miraflores Loan

Under an amended loan agreement dated June 21, 2011, the City agreed to loan Community Housing Development Corporation of North Richmond and Eden Housing, Inc., \$1,465,000 to fund the construction of 110 senior housing units for low and moderate income residents. Funding for the loan is as follows: \$449,000 in CDBG funds, \$925,000 in HOME funds, and \$91,000 Redevelopment Agency Low and Moderate Income Housing Fund funds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs discussed in Note 16D, the City purchased \$1,208,258 of the loan balance that had previously been funded by CDBG and HOME funds and the loans were transferred to the Housing Successor. With the dissolution of the Redevelopment Agency as discussed in Note 17, the portion of the Miraflores loan that was funded by the Redevelopment Agency's Low and Moderate Income Housing Fund was assumed by the City as Housing Successor.

The loan does not bear interest and the unpaid principal balance was due September 22, 2015, unless it was converted to a permanent loan. The loan was converted into a permanent loan on June 25, 2015. In addition to the converted permanent loan, the Housing Successor approved an additional predevelopment loan in the amount of \$1,500,000. As of June 30, 2019, \$3,041,145 of the loan had been drawn down.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

MacDonald Place Senior Housing

On June 26, 2007, the former 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.

Heritage Park Development

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

Silent Second Mortgage Loans

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

Chesley Avenue Mutual Housing Development

On December 1, 2003, the former Redevelopment Agency loaned Chesley Avenue Limited Partnership the amount of \$4,741,492, which includes accrued interest of \$1,272,798 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.

Easter Hill Project

The loan from the former 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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6 – CAPITAL ASSETS

A. Policies

Capital assets are valued at historical cost or at estimated acquisition value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least \$5,000, and the Housing Authority's policy is to capitalize assets costing at least \$1,000. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Improvements other than buildings	20 years
Buildings and building improvements	20 - 50 years
Vehicles	3 – 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 – 20 years

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6 – CAPITAL ASSETS (Continued)

B. Current Year Activity

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

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Governmental activities					
Capital assets not being depreciated:					
Land	\$29,424,667	\$44,200			\$29,468,867
Construction in progress	17,034,198	6,580,254	(\$24,667)		23,589,785
Total capital assets not being depreciated	46,458,865	6,624,454	(24,667)		53,058,652
Capital assets being depreciated:					
Buildings and improvements	155,747,409		(11,297)		155,736,112
Machinery and equipment	46,774,190	1,968,537	(748,280)	(\$324,000)	47,670,447
Land improvements and infrastructure	533,357,363				533,357,363
Total capital assets being depreciated	735,878,962	1,968,537	(759,577)	(324,000)	736,763,922
Less accumulated depreciation for:					
Buildings and improvements	(40,590,559)	(4,014,570)			(44,605,129)
Machinery and equipment	(37,969,257)	(2,081,860)	680,903		(39,370,214)
Land improvements and infrastructure	(395,147,807)	(11,781,058)			(406,928,865)
Total accumulated depreciation	(473,707,623)	(17,877,488)	680,903		(490,904,208)
Capital asset being depreciated, net	262,171,339	(15,908,951)	(78,674)	(324,000)	245,859,714
Governmental activity capital assets, net	\$308,630,204	(\$9,284,497)	(\$103,341)	(\$324,000)	\$298,918,366

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, 2019 were as follows:

Governmental Activities	
General Government	\$5,482,788
Public Safety	1,120,085
Public Services	9,787,690
Cultural and Recreational	403,255
Internal Service Funds	1,083,670
Total Governmental Activities	<u>\$17,877,488</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<i>Business-type activities</i>					
Capital assets not being depreciated:					
Land	\$7,195,986				\$7,195,986
Construction in progress	28,401,520	\$13,713,344	(\$262,745)	(\$35,092,165)	6,759,954
Total capital assets not being depreciated	35,597,506	13,713,344	(262,745)	(35,092,165)	13,955,940
Capital assets being depreciated:					
Buildings and improvements	79,313,834	137,360		390,197	79,841,391
Machinery and equipment	17,528,809	195,158	(31,371)	324,000	18,016,596
Infrastructure	224,336,052			34,701,968	259,038,020
Total capital assets being depreciated	321,178,695	332,518	(31,371)	35,416,165	356,896,007
Less accumulated depreciation for:					
Buildings and improvements	(52,410,139)	(2,323,546)			(54,733,685)
Machinery and equipment	(13,997,704)	(670,238)	31,371		(14,636,571)
Infrastructure	(105,550,196)	(5,798,585)			(111,348,781)
Total accumulated depreciation	(171,958,039)	(8,792,369)	31,371		(180,719,037)
Capital asset being depreciated, net	149,220,656	(8,459,851)		35,416,165	176,176,970
Business-type activity capital assets, net	\$184,818,162	\$5,253,493	(\$262,745)	\$324,000	\$190,132,910

Included in buildings and improvements is the Richmond Housing Authority's Hacienda Property with a net book value of \$7,203,134 at June 30, 2019 has been uninhabitable for an extended period of time and as a result necessitates major rehabilitation. The property was appraised in July 2019 at \$6,290,000 "as is" and Mercy Housing is in negotiation with the City and the Housing Authority to acquire the improvements and to undertake significant renovation that would result in to 150 units, a fitness center and a library. The current site encompasses a total of 2.98 acres of land which is intended to be split into two parcels upon approval by HUD for which the currently improved portion of 1.941 acres will be subject to a ground lease to Mercy Housing and the remaining 1.043 acres will be retained by the City for future development.

Business-type activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2019 were as follows:

Business-Type Activities	
Richmond Housing Authority	\$1,626,015
Port of Richmond	3,573,847
Municipal Sewer	3,457,693
Richmond Marina	85,563
Storm Sewer	45,088
Cable TV	4,163
Total Business-Type Activities	\$8,792,369

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

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

Bond premiums and discounts 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 expensed in the year incurred.

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

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

A. Governmental Activities

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2019:

	Balance July 01, 2018	Additions (A)	Retirements	Balance June 30, 2019	Due Within One Year	Due in More than One Year
Bonds payable:						
Bonds	\$117,731,920		(\$3,518,346) (B)	\$114,213,574	\$3,310,000	\$110,903,574
Bonds from direct placements	143,955,289	\$5,925,537	(7,720,000) (B)	142,160,826	8,366,000	133,794,826
Loans payable from direct borrow	1,844,775		(557,498)	1,287,277	130,837	1,156,440
Capital leases from direct borrow	8,650,840		(1,010,501)	7,640,339	978,534	6,661,805
Total	\$272,182,824	\$5,925,537	(\$12,806,345)	\$265,302,016	\$12,785,371	\$252,516,645

(A) Additions include bonds payable bond accretion for capital appreciation bonds totaling \$5,925,537.

(B) Retirements of bonds payable include principal retirements in the amount of \$11,175,000 and amortization of bond premiums in the amount of \$63,34

Bonds Payable

Bonds payable at June 30, 2019 consisted of the following:

	Net
Pension Obligation Bonds - 1999 Series A	\$5,115,000
Pension Funding Bond Series 2005 (Direct Placement)	142,160,826
JPFA Lease Revenue Refunding Bonds - 2009	79,505,000
JPFA Lease Revenue Bonds - 2016	29,593,574
Total	\$256,374,400

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

1999 Series A 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 City's pension plans 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. 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. Principal and interest paid for the current fiscal year and total pension tax revenues were \$1,815,967 and \$11,490,551, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$885,000	\$355,426	\$1,240,426
2021	795,000	291,838	1,086,838
2022	710,000	234,696	944,696
2023	620,000	184,023	804,023
2024	540,000	139,827	679,827
2025-2029	1,490,000	253,367	1,743,367
2030	75,000	2,859	77,859
Total	\$5,115,000	\$1,462,036	\$6,577,036

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

These Bonds from direct placements were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees' Retirement System (See Note 10). The Bonds consist of three series as shown below:

Bond Type & Series	Initial Interest Rate	Less: Credit Adjust- ment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Index Rate Conversion Data		
						Full Accretion Date	Adjusted Subsequent Interest Rate	Adjusted Maturity Value
Current Interest - 2005A	5.9350%	-0.1000%	5.8350%	8/1/13	\$26,530,000	n/a	n/a	n/a
Convertible Auction Rate Securities, Capital Appreciation Bonds -								
2005B-1	6.2550%	-0.1000%	6.1550%	8/1/23	47,061,960	8/1/13	1 month LIBOR + 1.4%	\$46,025,000
2005B-2	6.5650%	-0.1000%	6.4650%	8/1/34	41,403,173	8/1/23	1 month LIBOR + 1.4%	127,968,000
					<u>\$114,995,133</u>			<u>\$173,993,000</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

Current Interest Bonds – The Series 2005A Bonds were fully repaid during fiscal year 2015.

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 1 month LIBOR index plus 1.4%. This rate fluctuates according to the market conditions and 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 and is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate. The Series 2005B-1 Bonds did not convert to auction rate bonds, and were instead converted to index rate bonds, as discussed above.

Swap Agreements – The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds. The interest rate swap related to the 2005B-1 Bonds became effective August 1, 2013 while the 2005B-2 Bonds does not become effective until August 1, 2023, 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. The synthetic fixed rate for the 2005B-1 Bonds was 7.118% at June 30, 2019. Because neither the variable rate nor the swap rates are effective for the 2005B-2 Bonds as of June 30, 2019, the initial bond interest rates discussed above are used for disclosure purposes.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2019, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$173,993,000	\$5,925,537	(\$37,757,711)	\$142,160,826

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$8,366,000	\$7,597,579	\$15,963,579
2021	9,458,000	6,930,846	16,388,846
2022	10,302,000	6,202,567	16,504,567
2023	11,593,000	5,385,046	16,978,046
2024	6,306,000	4,904,831	11,210,831
2025-2029	39,975,000	20,248,056	60,223,056
2030-2034	70,635,000	9,751,699	80,386,699
2035	17,358,000	55,016	17,413,016
Total	\$173,993,000	\$61,075,640	\$235,068,640

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

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

The Series 2009 Bonds in the principal amount of \$79,505,000 have been recorded as governmental activities debt, and the business-type activities portion was fully repaid in fiscal year 2016.

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

On February 1, 2016, the interest rate swap agreement related to the 2009 Lease Revenue Refunding Bonds was terminated with the issuance of the Series 2016 Lease Revenue Bonds discussed below.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$2,190,000	\$4,523,088	\$6,713,088
2021	2,315,000	4,410,463	6,725,463
2022	2,445,000	4,291,463	6,736,463
2023	2,580,000	4,156,163	6,736,163
2024	2,740,000	4,003,213	6,743,213
2025-2029	16,535,000	17,361,432	33,896,432
2030-2034	24,430,000	11,531,912	35,961,912
2035-2038	26,270,000	3,207,163	29,477,163
Total	\$79,505,000	\$53,484,897	\$132,989,897

Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 – Original Issue - \$28,390,000

On February 1, 2016, the Authority issued Series 2016 Lease Revenue Bonds in the amount of \$28,390,000. The proceeds from the Bonds were used to pay the obligations of the City related to the termination of the interest rate swap agreement and the option on swap agreement (swaption) related to the Authority's Series 2009 Lease Revenue Refunding Bonds and to pay the costs associated with the issuance of the Series 2016 Bonds. On February 3, 2016 the interest rate swap agreement and the swaption related to the Series 2009 Bonds were terminated with a swap termination payment of \$28,554,000.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

The Bonds bear interest rates of 4.00% to 5.50%. Principal payments are due annually on November 1 through 2037 and semi-annual interest payments are due May 1 and November 1 commencing on May 1, 2016.

At June 30, 2019, the 2016 Bonds consisted of the following:

Bonds outstanding	\$28,390,000
Unamortized premium	1,203,574
Total	<u>\$29,593,574</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$235,000	\$1,337,206	\$1,572,206
2021	1,015,000	1,304,394	2,319,394
2022	1,080,000	1,248,050	2,328,050
2023	1,165,000	1,186,313	2,351,313
2024	1,255,000	1,119,763	2,374,763
2025-2029	7,580,000	4,425,252	12,005,252
2030-2034	8,920,000	2,341,175	11,261,175
2035-2038	7,140,000	566,797	7,706,797
Total	<u>\$28,390,000</u>	<u>\$13,528,950</u>	<u>\$41,918,950</u>

Interest Rate Swap and Swaption Agreements

The City entered into an interest swap agreement in connection with the 2005B-1 Taxable Pension Funding Bonds. The transaction allows the City to create a synthetic fixed rate or a synthetic variable rate on the Bonds, protecting it against increases and decreases in short-term interest rates. The various risks associated with the swap agreements are disclosed below. For the swap agreement pertaining to the 2005B-2 Taxable Pension Funding Bonds, the disclosure is included below, but the swap agreement does not become effective until August 1, 2023.

On May 13, 2015, Moody's Investor Services ("Moody's") downgraded the City's issuer rating from "A1" to "Ba1" and the rating on its 1999 Taxable Limited Obligation Pension Bonds from "A2" to "Baa2". In addition, the City and its Wastewater Enterprise bonds were placed under review for possible downgrades. On August 4, 2015, Moody's further downgraded the City's issuer rating from "Ba2" to "Ba1" and its rating on the City's Taxable Pension Obligation Bonds and 1999 Taxable Limited Obligation Pension Bonds ("POB's) from "Baa2". In addition, Moody's downgraded its rating on the City's Wastewater Revenue Bonds, Series 2006A to "Baa2" from "A2". On November 21, 2018, Moody's upgraded the City's issuer rating to "Baa3" from "Ba1" and the Pension Obligation Bond rating from "Ba1" to "Ba2". On September 1, 2015, Standard and Poor's Rating Services ("S&P") lowered the City's Issuer Credit Rating from "AA-" to "BBB+" placing the City on CreditWatch. Other credit ratings downgrades included S&P's assigned underlying rating (SPUR) for the Wastewater Enterprise Fund that was lowered from "A+" to "BBB".

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Moody's downgrade of the City's issuer rating to "Ba1" resulted in allowing the counterparty, JPMorgan Chase Bank, NA ("JPM") to declare an Additional Termination Event (ATE) with the interest rate swaps the City entered in conjunction with the 2005 Taxable POBs (2007 Swaps). This means that JPM could exercise a right to terminate the 2007 Swaps and demand immediate payment of an approximately \$31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 Swaps at the time of the ATE. The City entered into a restructuring of certain of its obligations through the issuance by the Richmond Joint Powers Financing Authority of Lease Revenue Bonds Series 2016A (tax-exempt) to fund the cost of terminating the Civic Center Swaps relating to the Richmond Joint Powers Financing Authority Series 2009 Civic Center Lease Revenue Bonds held by Royal Bank of Canada (RBC). RBC simultaneously entered into a novation of the 2007 Swaps with JPM. By terminating the Civic Center Swaps, the City reduced RBC's credit exposure to the City sufficiently to allow RBC to accept the additional credit exposure associated with stepping into JPM's position in the 2007 swaps through novation. Contemporaneous with the novation from JPM to RBC, RBC and the City amended and restated the 2007 Swaps, including eliminating the existence of the ATE by removing reference to a Moody's rating in the ATE provisions, reducing the Standard & Poor's rating threshold for a future ATE to BBB- from BBB and providing a mandatory early termination of the 2007 Swaps in 2023. The early termination will require the City to either refund or restructure the 2007 Swap at that date if a termination payment is due at the time. In addition, terminating the Civic Center Swaps eliminated the risk of an ATE with respect to the Civic Center Swaps, which require the City to maintain its Issuer Credit Rating at the current level of BBB+ to avoid an ATE.

The City's issuer credit rating from S&P was BBB+ as of June 30, 2017. On December 4, 2017, the City received an updated issuer credit rating from S&P upgrading the previous BBB+ issuer credit rating to an A- issuer credit rating.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2019, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

Pay-Fixed, Receive-Variable Swap Agreements

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

Pay-Fixed, Receive-Variable

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2019	Termination Date
2005B-1 Taxable Pension Funding Bonds							
\$46,032,113	8/1/2013	Royal Bank of Canada	AA-/Aa2/AA	5.580%	100% of USD- 1 Month LIBOR	(\$3,819,700)	8/1/2023
2005B-2 Taxable Pension Funding Bonds							
\$127,990,254	8/1/2023	Royal Bank of Canada	AA-/Aa2/AA	5.665%	100% of USD-1 Month LIBOR	(\$27,657,100)	8/1/2034

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Fair value. Fair value of the swaps 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 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. The swaps are classified in Level 2 of the fair value hierarchy, using a market approach that considers observable swap rates commonly quoted for the full term of the swaps.

As of June 30, 2019, the fair value for the each of the outstanding swaps was in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the ineffective hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2019	
	Classification	Amount	Classification	Amount
<i>Governmental Activities</i>				
<i>Pay-Fixed, Receive-Variable</i>				
2005B-1 Taxable Pension Funding Bonds	Investment revenue	\$309,100	Investment	(\$3,819,700)
2005B-2 Taxable Pension Funding Bonds	Investment revenue	(8,846,100)	Investment	(27,657,100)
<i>Totals</i>		<u>(\$8,537,000)</u>		<u>(\$31,476,800)</u>

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2019, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

Interest rate risk. The City will be exposed to interest rate risk for the Pay-Fixed, Receive-Variable swaps only if the counterparty to the swaps defaults or if the swaps are terminated.

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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

Swap payments and associated debt. Using rates as of June 30, 2019, debt service requirements of the City's outstanding fixed rate 2005 Taxable Pension Funding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-2 Bond is not included in the table, because the swap is not effective until August 1, 2023. As rates vary, net swap payments will vary.

2005 Taxable Pension Funding Bonds

For the Years Ending June 30,	Variable-Rate Bonds Principal	Interest	Interest Rate Swap, Net (A)	Total
2020	\$8,366,000	\$6,325,973	\$1,271,606	\$15,963,579
2021	9,458,000	5,969,709	961,137	16,388,846
2022	10,302,000	5,580,558	622,009	16,504,567
2023	11,593,000	5,143,721	241,325	16,978,046
2024	6,306,000	4,887,122	17,709	11,210,831
2025-2029	39,975,000	20,248,056		60,223,056
2030-2034	70,635,000	9,751,699		80,386,699
2035	17,358,000	55,016		17,413,016
Total	\$173,993,000	\$57,961,854	\$3,113,786	\$235,068,640

(A) Includes only the 2005 B-1, because the 2005 B-2 is not effective until August 1, 2023.

Loans Payable

Loans payable from direct borrowing at June 30, 2019 consisted of the following:

City Loans Payable

California Energy Commission Loan #1	\$355,805
California Energy Commission Loan #2	931,472
	<u>\$1,287,277</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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. The loan was fully paid during the fiscal year ended June 30, 2019.

California Energy Commission Phase 1 – Original Amount \$621,558

On April 22, 2013, the City entered into a direct borrowing loan agreement with the California Energy Commission in the amount of \$621,558. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears a 3% interest rate and is due in semi-annual payments in December and June through December 2025.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$50,338	\$10,328	\$60,666
2021	51,886	8,779	60,665
2022	53,455	7,211	60,666
2023	55,071	5,595	60,666
2024	56,725	3,940	60,665
2025-2026	88,330	2,665	90,995
Total	<u>\$355,805</u>	<u>\$38,518</u>	<u>\$394,323</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

California Energy Commission Phase 2 – Original Amount \$1,239,036

During fiscal year 2015, the City entered into a direct borrowing loan agreement with the California Energy Commission in the amount of \$1,239,036. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears interest at 1% and is due in semi-annual payments in December and June through June 2030.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$80,499	\$9,139	\$89,638
2021	81,331	8,308	89,639
2022	82,146	7,492	89,638
2023	82,969	6,669	89,638
2024	83,786	5,852	89,638
2025-2029	431,770	16,421	448,191
2030	88,971	668	89,639
Total	\$931,472	\$54,549	\$986,021

Capital Leases

Capital leases payable from direct borrowing at June 30, 2019 consisted of the following:

Qualified Energy Conservation Lease	\$551,558
JPFA Recovery Zone Economic Development Lease	656,211
Holman Capital Corporation Lease #4	854,108
Street Light Capital Lease	3,115,009
Holman Capital Corporation Lease #5	2,463,453
Total	\$7,640,339

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

On December 22, 2010 the City entered into a direct borrowing capital lease with Bank of America in the amount of \$1,052,526 to finance the purchase and installation of energy conservation equipment at various City-owned buildings. The City received an allocation of the national Qualified Energy Conservation Bond which includes a direct subsidy from the United States Treasury for the interest payable on the bonds under the Hiring Incentives to Restore Employment Act (HIRE Act). The subsidy will be payable on or about the date that the City makes its debt service payments and is equal to 59.79% of the interest payable on the lease. The subsidy received in fiscal year 2019 was \$23,026. The lease bears interest at a rate of 6.79% and principal and interest payments are due semi-annually each June 15 and December 15 commencing on December 15, 2011 through June 15, 2026.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$72,531	\$36,228	\$108,759
2021	74,525	31,269	105,794
2022	76,573	26,175	102,748
2023	78,678	20,940	99,618
2024	80,841	15,561	96,402
2025-2026	168,410	14,391	182,801
Total	\$551,558	\$144,564	\$696,122

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

On December 22, 2010 the Authority entered into a direct borrowing capital lease with Bank of America in the amount of \$1,316,000 to finance the improvements to three of the City's fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy received in fiscal year 2019 was \$19,824. The lease bears interest at a rate of 6.50% and principal and interest payments on the lease are due semi-annually each June 15 and December 15, commencing on June 15, 2011, through 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$91,385	\$41,182	\$132,567
2021	94,681	35,189	129,870
2022	98,096	28,979	127,075
2023	101,634	22,546	124,180
2024	105,300	15,881	121,181
2025-2026	165,115	10,796	175,911
Total	\$656,211	\$154,573	\$810,784

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Holman Capital Corporation Lease #3 – Mall Directional Signs - Original Amount \$502,500

On June 1, 2012, the City entered into a direct borrowing capital lease agreement with Holman Capital Corporation to finance the purchase of mall directional signs. The City pledged equipment including fire apparatus, a fire engine, a street sweeper, a dump truck, a boom truck and the mall directional signs as collateral for the lease. The lease bears an interest rate of 3.35%. Principal and interest payments on the lease are due semi-annually on each June 26 and December 26 commencing on June 26, 2012 through 2019. The final lease payment was made during the fiscal year ended June 30, 2019.

Holman Capital Corporation Lease #4 – West Contra Costa Family Justice Center - Original Amount \$2,000,000

On November 1, 2012 the City entered into a direct borrowing lease agreement with Holman Capital Corporation in the amount of \$2,000,000 to finance improvements to the City's West Contra Costa Family Justice Center. The lease bears an interest rate of 3.17%. Principal and interest payments on the lease are due semi-annually on each July 14 and January 14 commencing on July 14, 2013 through January 14, 2023.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$210,743	\$25,419	\$236,162
2021	217,476	18,684	236,160
2022	224,424	11,736	236,160
2023	201,465	4,564	206,029
Total	<u>\$854,108</u>	<u>\$60,403</u>	<u>\$914,511</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Street Light Capital Lease - Original Amount \$4,641,936

On July 31, 2013 the City entered into a direct borrowing lease agreement with Bank of America in the amount of \$4,641,936 to finance the purchase of streetlights and the associated upgrade costs. The lease bears an interest rate of 2.55%. Principal and interest payments on the lease are due semi-annually on each October 30 and April 30 commencing on April 30, 2014 through October 30, 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$370,787	\$77,114	\$447,901
2021	390,184	67,538	457,722
2022	410,373	57,461	467,834
2023	431,386	46,865	478,251
2024	453,254	35,725	488,979
2025-2027	1,059,025	36,828	1,095,853
Total	\$3,115,009	\$321,531	\$3,436,540

Holman Capital Corporation Lease #5 – Fire Apparatus Equipment Lease - Original Amount \$2,687,645

On May 17, 2018 the City entered into a direct borrowing lease agreement with Holman Capital Corporation in the amount of \$2,687,645 to finance the purchase of one Spartan Ladder Truck and two Spartan Pumper Trucks, which are pledged as collateral for the lease. The lease bears an interest rate of 3.91%. Principal and interest payments on the lease are due quarterly on each August 17, November 17, February 17, and May 17 commencing on August 17, 2018 through May 17, 2028.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$233,088	\$92,931	\$326,019
2021	242,336	83,683	326,019
2022	251,951	74,068	326,019
2023	261,946	64,070	326,016
2024	272,341	53,678	326,019
2025-2028	1,201,791	102,281	1,304,072
Total	\$2,463,453	\$470,711	\$2,934,164

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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, 2019:

	Balance July 01, 2018	Additions (A)	Retirements	Balance June 30, 2019	Due Within One Year	Due in More than One Year
Bonds payable	\$145,286,479	\$104,588,420	(\$74,731,538) (B)	\$175,143,361	\$6,030,000	\$169,113,361
Notes and Loans payable from direct borrowing	3,316,308		(89,081)	3,227,227	93,090	3,134,137
Total	\$148,602,787	\$104,588,420	(\$74,820,619)	\$178,370,588	\$6,123,090	\$172,247,498

(A) Additions include the issuance of new bonds in the amount of \$88,585,000 and a bond premium in the amount of \$16,003,420.

(B) Retirements of bonds payable include principal retirements in the amount of \$75,040,000 and amortization of bond premiums and discounts in the amount of \$308,462.

Bonds payable at June 30, 2019 consisted of the following:

2009A Point Potrero Lease Revenue Bonds	\$26,731,623
2009B Point Potrero Lease Revenue Bonds	3,600,000
Wastewater Revenue Bonds Series 2010B	2,385,000
Wastewater Revenue Bonds Series 2017A	37,838,318
Wastewater Revenue Bonds Series 2019A	25,382,297
Wastewater Revenue Bonds Series 2019B	79,206,123
Total	\$175,143,361

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

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds were used to refund the City's 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Barclays Bank PLC letter of credit was renewed in July 2017 and was valid through July 10, 2020. 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 created a synthetic fixed-rate debt for the City. As of June 26, 2019, the fair value of the outstanding swap was in favor of the counterparty. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The change from the fair value at June 30, 2018 was a decline of \$1,778,400, and the City accounted for the change in fair value of the ineffective hedge as a component of investment revenue. On June 26, 2019, the bonds were refunded with the issuance of the 2019B Wastewater Revenue Refunding bonds and the interest rate swap agreement related to the 2006B Bonds was terminated with a swap termination payment of \$8,523,000.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

On July 13, 2009, the Authority issued Series 2009A and Series 2009B Point Potrero Lease Revenue Bonds in the amounts of \$26,830,000 and \$20,280,000, respectively. The proceeds from the Bonds were used for the construction of an automobile warehousing and distribution facility, including rail improvements, to be located at the Point Potrero Terminal at the Port of Richmond. The facility began operations in April 2010. The Bonds bear interest rates that range from 6.25% to 8.50%. Principal payments are due annually on July 1 and semi-annual interest payments are due July 1 and January 1 commencing on January 1, 2010 through 2025 for the Series 2009A and through 2020 for the Series 2009B Bonds.

At June 30, 2019 the Series 2009A Bonds consisted of:

Bonds outstanding	\$26,830,000
Unamortized discount	(98,377)
Net	<u>\$26,731,623</u>

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

For the Years Ending June 30,	Principal	Interest	Total
2020		\$1,676,875	\$1,676,875
2021	\$3,905,000	1,554,844	5,459,844
2022	4,150,000	1,303,125	5,453,125
2023	4,405,000	1,035,781	5,440,781
2024	4,685,000	751,719	5,436,719
2025	9,685,000	302,656	9,987,656
Total	<u>\$26,830,000</u>	<u>\$6,625,000</u>	<u>\$33,455,000</u>

At June 30, 2019, the outstanding balance of the Series 2009B Bonds was \$3,600,000. The annual debt service requirements on the 2009B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$3,600,000	<u>\$151,031</u>	<u>\$3,751,031</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Wastewater Revenue Bonds Taxable Build America Bonds, Series 2010B– Original Issue \$41,125,000

On October 7, 2010 the City issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of \$41,125,000. The proceeds of these Bonds were used to finance improvements to the City’s wastewater collection, treatment and disposal system. The taxable 2010B Bonds were sold as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds was not tax-exempt and therefore the bonds carried a higher interest rate. However, this higher interest rate was offset by a subsidy payable by the United States Treasury equal to 35% of the interest payable on the Bonds. The subsidy was be payable on or about the date that the City makes its debt service payments. During the fiscal year ended June 30, 2019, the City issued Series 2019B Wastewater Revenue Bonds to partially refund and defease \$36,480,000 of the 2010B Bonds (described below). The outstanding balance of the 2010B Bonds as of June 30, 2019 was \$2,385,000.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$1,175,000	\$81,402	\$1,256,402
2021	1,210,000	27,794	1,237,794
Total	<u>\$2,385,000</u>	<u>\$109,196</u>	<u>\$2,494,196</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Wastewater Revenue Bonds, Series 2017A– Original Issue \$33,530,000

On July 19, 2017 the City issued Series 2017A Wastewater Revenue Bonds in the amount of \$33,530,000. The proceeds from the Bonds were used to finance improvements to the City’s wastewater collection, treatment and disposal system and to refund all of the City’s outstanding Wastewater Revenue Refunding Bonds, Series 2006A. Principal payments are due annually on August 1. Interest rates on the Bonds range from 2% to 5.25% and payments are due semiannually on August 1 and February 1 beginning February 1, 2018. The bonds mature on August 1, 2047.

At June 30, 2019 the Series 2017A Bonds consisted of:

Bonds outstanding	\$32,310,000
Unamortized premium	5,528,318
Net	<u>\$37,838,318</u>

The annual debt service requirements on the 2017A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$1,255,000	\$1,613,650	\$2,868,650
2021	1,305,000	1,562,450	2,867,450
2022	1,365,000	1,502,225	2,867,225
2023	1,430,000	1,432,350	2,862,350
2024		1,396,600	1,396,600
2025-2029		6,983,000	6,983,000
2030-2034		6,983,000	6,983,000
2035-2039	205,000	6,977,875	7,182,875
2040-2044	10,720,000	6,054,112	16,774,112
2045-2048	16,030,000	1,738,275	17,768,275
Total	<u>\$32,310,000</u>	<u>\$36,243,537</u>	<u>\$68,553,537</u>

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Wastewater Revenue Bond Series 2019A and Wastewater Revenue Refunding Bonds, Series 2019B – Original Issue Series 2019A (\$22,510,000) and Series 2019B (\$66,075,000)

On June 26, 2019 the City issued Series 2019A Wastewater Revenue Bonds and the 2019B Wastewater Revenue Refunding Bonds in the amounts of \$22,510,000 and \$66,075,000, respectively. The proceeds from the 2019A Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system. The proceeds from the 2019B Bonds were used to refund all of the City's outstanding Wastewater Revenue Refunding Bonds, Series 2008A, and to partially refund and defease the City's outstanding Wastewater Revenue Refunding Bonds, Series 2010B. The outstanding balance of the defeased 2010B Bonds was \$36,480,000 at June 30, 2019. Principal payments are due annually on August 1. Interest rates on the Bonds range from 3% to 5% and payments are due semiannually on August 1 and February 1 beginning February 1, 2020. The refunding resulted in an overall debt service savings of \$6,799,507. The net present value of the debt service savings is called an economic gain and amounted to \$4,738,022. The bonds mature on August 1, 2049.

At June 30, 2019 the Series 2019A Bonds consisted of:

Bonds outstanding	\$22,510,000
Unamortized premium	2,872,297
Net	<u>\$25,382,297</u>

The annual debt service requirements on the 2019A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020		\$581,635	\$581,635
2021		973,900	973,900
2022		973,900	973,900
2023		973,900	973,900
2024		973,900	973,900
2025-2029		4,869,500	4,869,500
2030-2034		4,869,500	4,869,500
2035-2039	\$1,180,000	4,840,000	6,020,000
2040-2044	5,130,000	3,906,750	9,036,750
2045-2049	10,205,000	2,605,900	12,810,900
2050	5,995,000	119,900	6,114,900
Total	<u>\$22,510,000</u>	<u>\$25,688,785</u>	<u>\$48,198,785</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2019 the Series 2019B Bonds consisted of:

Bonds outstanding	\$66,075,000
Unamortized premium	13,131,123
Net	<u>\$79,206,123</u>

The annual debt service requirements on the 2019B Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020		\$1,819,647	\$1,819,647
2021		3,046,850	3,046,850
2022	\$1,115,000	3,018,975	4,133,975
2023	1,170,000	2,961,850	4,131,850
2024	2,815,000	2,862,225	5,677,225
2025-2029	15,925,000	12,034,375	27,959,375
2030-2034	19,575,000	7,611,125	27,186,125
2035-2039	20,840,000	2,636,950	23,476,950
2040-2041	4,635,000	140,025	4,775,025
Total	<u>\$66,075,000</u>	<u>\$36,132,022</u>	<u>\$102,207,022</u>

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2010B, 2017A, 2019A and 2019B Bonds through 2050. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$221,453,540. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year, excluding payments related to the refunding of the 2008A Bonds, and total customer net revenues were \$6,100,407 and \$19,345,961, respectively.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Notes and Loans Payable – Direct Borrowing

Notes and loans payable at June 30, 2019, consisted of the following:

California Department of Boating and Waterways	\$2,527,227
RHA RAD Housing Partners L.P. Promissory Note	700,000
Total	<u>\$3,227,227</u>

California Department of Boating and Waterways

The City has four direct borrowing loan agreements with the California Department of Boating and Waterways for total borrowings of \$3,772,278. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through August 2042. The total amount outstanding at June 30, 2019 was \$2,527,227.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$93,090	\$113,725	\$206,815
2021	97,279	109,536	206,815
2022	101,656	105,159	206,815
2023	106,231	100,584	206,815
2024	111,011	95,804	206,815
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	<u>\$2,527,227</u>	<u>\$1,277,530</u>	<u>\$3,804,757</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

RHA RAD Housing Partners, LP Promissory Note

On December 17, 2014, the Housing Authority's Component Unit, RHA Housing Corporation, entered into an agreement with the City and promised to pay the City a principal amount of \$700,000, plus accrued interest. The proceeds of the Note were then loaned from RHA Housing Corporation to the Housing Authority to finance acquisitions and development of the properties undergoing rehabilitation work in conjunction with a RAD conversion (Friendship Manor/Triangle Court). On December 22, 2015, the official closing of the RAD conversion took place, at which time the Note was assigned to a newly created entity, RHA RAD Housing Partners, L.P. The Note payable to the City was assigned from RHA Corporation to RHA RAD Housing Partners, L.P. along with a note receivable from the Housing Authority. The principle balance shall bear 1% simple interest. The term of the Note shall expire fifty-five years after. The balance of the promissory note at June 30, 2019 was \$700,000.

In fiscal year 2015, the City had advanced the \$700,000 to the Richmond Housing Authority Enterprise Fund, however, in fiscal year 2016 that loan was assigned to RHA RAD Housing Partners L.P. as discussed in Note 5. Therefore, the Richmond Housing Authority Enterprise Fund now owes this amount to RHA RAD Housing Partners L.P. and the interfund advance was converted to long-term debt in fiscal year 2016.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

C. Events of Default, Termination Events and Subjective Acceleration Clauses

Below is a summary of certain events of default and termination events with finance related consequences, along with the subjective acceleration clauses, as applicable, for all of the City's outstanding long-term debt obligations. Each agreement may contain additional events of default, termination events or other subjective acceleration clauses.

	<u>Events of default with finance-related consequences</u>	<u>Termination events with finance-related consequences</u>	<u>Subjective acceleration clauses</u>
Governmental Activities			
Bonds Payable			
Pension Obligation Bonds - 1999 Series A	(A)	N/A	(A)
Pension Funding Bond Series 2005 (Direct Placement)	(A)	N/A	(A)
JPFA Lease Revenue Refunding Bonds - 2009	(B)	(B)	N/A
JPFA Lease Revenue Bonds - 2016	(B)	(B)	N/A
Loans Payable			
California Energy Commission Loan #1	(C)	(C)	(C)
California Energy Commission Loan #2	(C)	(C)	(C)
Capital Leases			
Qualified Energy Conservation Lease	(D)	(D)	N/A
JPFA Recovery Zone Economic Development Lease	(E)	(E)	N/A
Holman Capital Corporation Lease #4	(F)	(F)	N/A
Street Light Capital Lease	(G)	(G)	N/A
Holman Capital Corporation Lease #5	(H)	(H)	N/A
Business-Type Activities			
Bonds Payable			
2009A Point Potrero Lease Revenue Bonds	(B)	(B)	N/A
2009B Point Potrero Lease Revenue Bonds	(B)	(B)	N/A
Wastewater Revenue Bonds Series 2010B	(A)	N/A	(A)
Wastewater Revenue Bonds Series 2017A	(A)	N/A	(A)
Wastewater Revenue Bonds Series 2019A	(I)	N/A	(I)
Wastewater Revenue Bonds Series 2019B	(I)	N/A	(I)
Notes and Loans Payable			
California Department of Boating and Waterways	(J)	(J)	(J)
RHA RAD Housing Partners L.P. Promissory Note	(K)	(K)	(K)

- (A) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable.
- (B) If the City fails to pay rental payable when due or the Authority fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. In the event of default, the Authority has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent rent.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

- (C) Events of default include the failure to comply with any of the terms in the loan agreement, failure to pay principal or interest when due, failure of the City to undertake in a timely way the activities for which said Loan Agreement was executed, failure of the City to obtain prior written Commission approval before undertaking a change in the scope of the activities for which said Loan Agreement was executed, or the City becoming insolvent or bankrupt. On the occurrence of any event of default, the Commission may declare all or any portion of the principal and accrued interest on the loan to be immediately due and payable. If the City fails to comply with the terms of the loan agreement, the Commission may declare the agreement to have been breached and be released from any further performance.
- (D) Events of default include: (a) Failure to (i) pay any rental payment or other payment required to be paid under the agreement within 10 days after the date when due or (ii) maintain insurance as required; (b) failure to observe and perform any covenant, condition or agreement for a period of 30 days after written notice; (c) any false, incorrect or misleading statements, representations or warranties made by the City pursuant to the agreement; (d) any default occurs under any other agreement for borrowing money, lease financing of property; (e) the City files becomes insolvent or files for bankruptcy. In the event of default, the lessor has the right to take various steps, including take possession of the equipment or accelerate the repayment of the principal and outstanding interest.
- (E) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Authority has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent lease payments.
- (F) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable.
- (G) If the City fails to pay lease payments when due or observe other covenants in the lease agreement, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. Upon events of default, the Energy Commission may terminate the Agreement upon five days written notice to the City.
- (H) If the City fails to pay lease payments when due or observe other covenants in the lease agreement within thirty days of the written notice of the failure, the outstanding balances are due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Lessor has the option to exercise the right of entry and re-entry upon the leased property, including the right to re-lease the property if the City does not pay the delinquent lease payments.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

- (I) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the City is required to transfer all Net Revenues held by the City to the Trustee, except as noted in the Indenture of Trust.
- (J) If the City fails to pay debt service when due, the delinquent principal and interest is due and payable immediately. If the City files for reorganization under bankruptcy laws, the aggregate outstanding principal balance and accrued interest are immediately due and payable. In the event of default, the Department of Boating and Waterways has the option to declare all unperformed obligations immediately due and payable without further demand or notice to the City.
- (K) Events of default include the failure to repay the principal and any interest on the loan within ten days of receipt of written notice that such payment is due pursuant to the loan documents, breach of covenants included in the loan documents, or becoming insolvent or bankrupt. In the event of default, the principal and accrued interest are immediately due and payable.

D. Special Assessment Debt Without City Commitment

Special assessment districts have been established in various parts of the City to provide improvements to properties located in those districts. Properties in these districts are assessed for the cost of improvements; these assessments are payable solely by property owners over the term of the debt issued to finance these improvements. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties in these special assessment districts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these districts. At June 30, 2019, the balances of these Districts' outstanding debt were as follows:

Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2011A	\$780,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2016 (Country Club Vista)	6,950,000

E. Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2019, the balance of this issuers' outstanding debt was as follows:

Richmond Community Foundation, Richmond Housing Rehabilitation Program, Social Impact Bonds, Taxable Series 2015A	\$3,000,000

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 8 – UNAVAILABLE REVENUE AND UNEARNED REVENUE

At June 30, 2019, the following unavailable revenues were recorded in the Fund Financial Statements because the funds were not available to finance expenditures of the current period:

	Loans Receivable	Accounts and Grants Receivable	Total
General Fund	\$2,239,726	\$156,134	\$2,395,860
Community Development and Loan Programs Special Revenue Fund	18,807,510	1,338,928	20,146,438
Non-Major Governmental Funds	779,013	1,077,018	1,856,031
Total	\$21,826,249	\$2,572,080	\$24,398,329

At June 30, 2019, the following unearned revenues were recorded in the City-wide financial statements on the Statement of Net Position:

	CAD Fees Enhancement	Prepaid Rent	Developer Fees & Other	Total
General Fund		\$3,374,206	\$267,755	\$3,641,961
Non-Major Governmental Funds		2,783,235	574,056	3,357,291
Richmond Housing Authority Enterprise Fund			769,822	769,822
Port of Richmond Enterprise Fund			520,000	520,000
Municipal Sewer Enterprise Fund			36,280	36,280
Internal Service Funds	\$695,708			695,708
Total	\$695,708	\$6,157,441	\$2,167,913	\$9,021,062

NOTE 9 – FUND BALANCES AND NET POSITION

A. Net Position

In the City-wide financial statements, Net Position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation plus deferred outflows of resources associated with the refunding of related capital debt, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

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

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

B. Fund Balances

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

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by the same formal action of the City Council. The highest level of formal action of the City Council is an Ordinance.

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Community Development and Loan Programs Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:				
Items not in spendable form:				
Prepays, supplies and other assets	\$621,120			\$621,120
Loans receivable	700,000			700,000
Advances to other funds	15,849,594			15,849,594
Total Nonspendable Fund Balances	17,170,714			17,170,714
Restricted for:				
Street Improvement Projects			\$2,424,031	2,424,031
Employment and Training Programs			1,852,040	1,852,040
Public Safety Grant Programs (Police and Fire)			340,720	340,720
Lighting and Landscaping			1,374,549	1,374,549
Housing and Community Development		\$27,799,125	231,722	28,030,847
Debt Service			10,410,854	10,410,854
Community Development Projects			24,148,491	24,148,491
Other Capital Projects			4,283,860	4,283,860
Total Restricted Fund Balances		27,799,125	45,066,267	72,865,392
Assigned to:				
Other Capital Projects			44,602	44,602
Other Contracts	63,180			63,180
Total Assigned Fund Balances	63,180		44,602	107,782
Unassigned:				
General Fund	19,534,660			19,534,660
Other Governmental Fund Deficit Residuals			(5,403,755)	(5,403,755)
Total Unassigned Fund Balances	19,534,660		(5,403,755)	14,130,905
Total Fund Balances (Deficits)	\$36,768,554	\$27,799,125	\$39,707,114	\$104,274,793

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

C. Contingency Reserve Policy

In fiscal year 2016, the City Council updated the fund balance policy to require the City to maintain a year-end contingency reserve balance of a minimum of 15% of the next year's budgeted General Fund expenditures. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The City's cash reserve as of June 30, 2019, which is a component of unassigned fund balance of the General Fund, is \$19,534,660, which is approximately 11% of fiscal year 2019-20 budgeted General Fund expenditures. As the City experiences net revenue gains in future years, the cash balance must continue to be maintained at or above to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services.

D. Deficit Fund Balances and Accumulated Deficits

At June 30, 2019, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

	<u>Amount</u>
Non Major Governmental Funds:	
State Gas Tax Special Revenue Fund	\$542,790
Paratransit Operations Special Revenue Fund	2,623,165
Civic Center Debt Service Fund	2,237,800
Non Major Enterprise Funds:	
Storm Sewer	1,181,309
Cable TV	3,146,300
Internal Service Fund:	
Insurance Reserves	5,456,097

E. Restatement of Net Position

During fiscal year 2019, the City continued to reconcile the activities of the Richmond Housing Authority for fiscal years 2017, 2018 and 2019. As a result, beginning net position in the Richmond Housing Authority Enterprise Fund has been restated and decreased in the amount of \$1,395,357.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the California Public Employees’ Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the CalPERS Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The City’s employees hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% @ 55 Benefit Formula or the Safety Plan under the 3.0% @ 50 (Police) or 3.0% @ 55 (Fire) Benefit Formula. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. The City’s employees hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% @ 62 Benefit Formula or the 2.7% @ 57 (Police and Fire) Benefit Formula.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	12.511%	12.511%
Required UAL Contribution	\$7,664,256	

	Safety - Police	Safety - Fire	Safety - Police and Fire
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%*	9.00%*	11.25%
Required employer contribution rates	20.484%	20.484%	20.484%
Required UAL Contribution	\$10,213,652		

* Effective July 1, 2015, Safety (Police and Fire) employees hired prior to January 1, 2013 pay 3% of the employer's required contribution. Therefore, the required employer contribution rate is 17.484% and required employee contribution rate is 12%.

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City's required contributions for the unfunded liability in the Miscellaneous and Safety Plans were \$7,664,256 and \$10,213,652, respectively, as noted in the tables above.

Employees Covered – As of the June 30, 2017 actuarial valuation date and the June 30, 2018 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018
Inactive employees or beneficiaries currently receiving benefits	915	935	502	509
Inactive employees entitled to but not yet receiving benefits	509	517	76	79
Active employees	454	468	248	251
Total	1,878	1,920	826	839

As of June 30, 2019, the City had 451 active employees in the Miscellaneous Plan and 208 active employees in the Safety Plan.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2019 were \$12,150,650 for the Miscellaneous Plan and \$16,363,802 for the Safety Plan.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	0.4% - 8.50% (2)	1.65% - 17.0% (2)
Investment Rate of Return	7.15% (3)	7.15% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)	Derived using CalPers Membership Data for all Funds (4)
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Actuarial assumptions are the same for all benefit tiers

(2) Depending on age, service and type of employment

(3) Net of pension plan investment expenses, including inflation

(4) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report available on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability as of the June 30, 2018 Measurement Date for each Plan follows:

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 Measurement Date	\$483,101,998	\$348,282,976	\$134,819,022
Changes in the year:			
Service cost	7,637,812		7,637,812
Interest on the total pension liability	33,323,855		33,323,855
Differences between actual and expected experience	(4,642,948)		(4,642,948)
Changes in assumptions	(3,224,832)		(3,224,832)
Changes in benefit terms			
Plan to plan resource movement		(842)	842
Contribution - employer		10,489,795	(10,489,795)
Contribution - employees		2,894,841	(2,894,841)
Net investment income		28,880,923	(28,880,923)
Administrative expenses		(542,721)	542,721
Benefit payments, including refunds of employee contributions	(25,970,450)	(25,970,450)	
Other Miscellaneous Income/(Expense)		(1,030,636)	1,030,636
Net changes	7,123,437	14,720,910	(7,597,473)
Balance at June 30, 2018 Measurement Date	\$490,225,435	\$363,003,886	\$127,221,549
<i>Safety Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017 Measurement Date	\$637,379,740	\$439,513,640	\$197,866,100
Changes in the year:			
Service cost	11,391,456		11,391,456
Interest on the total pension liability	44,562,419		44,562,419
Differences between actual and expected experience	413,272		413,272
Changes in assumptions	(2,676,340)		(2,676,340)
Changes in benefit terms			
Plan to plan resource movement		(1,062)	1,062
Contribution - employer		14,016,085	(14,016,085)
Contribution - employees		4,226,345	(4,226,345)
Net investment income		36,380,672	(36,380,672)
Administrative expenses		(684,883)	684,883
Benefit payments, including refunds of employee contributions	(35,123,568)	(35,123,568)	
Other Miscellaneous Income/(Expense)		(1,300,605)	1,300,605
Net changes	18,567,239	17,512,984	1,054,255
Balance at June 30, 2018 Measurement Date	\$655,946,979	\$457,026,624	\$198,920,355
Totals - Miscellaneous and Safety Plans	\$1,146,172,414	\$820,030,510	\$326,141,904

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$187,612,073	\$284,580,079
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$127,221,549	\$198,920,355
1% Increase	8.15%	8.15%
Net Pension Liability	\$76,962,361	\$128,408,718

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$51,022,204. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$12,150,650	
Differences between Expected and Actual Experience		(\$2,644,638)
Changes of Assumptions	1,216,610	(1,689,198)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	1,598,095	
Total	\$14,965,355	(\$4,333,836)
 Safety Plan	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$16,363,802	
Differences between Expected and Actual Experience	1,208,011	
Changes of Assumptions	15,604,400	(\$1,911,671)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	2,058,779	
Total	\$35,234,992	(\$1,911,671)
Total Both Plans	\$50,200,347	(\$6,245,507)

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

\$28,514,452 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous	Safety	Total
2020	\$2,087,353	\$15,974,379	\$18,061,732
2021	824,558	6,865,944	7,690,502
2022	(3,520,822)	(4,744,408)	(8,265,230)
2023	(910,220)	(1,136,396)	(2,046,616)
Total	(\$1,519,131)	\$16,959,519	\$15,440,388

NOTE 11 – OTHER CITY PENSION PLANS

A. *Plan Descriptions and Funding Policies*

The City administers 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, covers ten former City employees (or their beneficiaries) not covered by CalPERS, all of whom have retired. The Police and Firemen’s Pension Plan, a defined benefit pension plan, covers twenty-seven retired police and fire personnel (or their beneficiaries) employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee’s years of service, age and final compensation. Benefit provisions for the Plans are established by City Ordinance. No separate financial statements are issued for the Plans.

The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the City’s pension plans. The incremental property tax revenue received for the year ended June 30, 2019 was \$10,587,345, and the City used the funds to pay General Pension Plan and the Police and Firemen’s Pension Plan contributions of \$6,772 and \$1,270,466, respectively.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

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. Management of the Plan is vested in the General Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of five members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, and two members to be elected every five years by secret ballot vote of the rank and file of Plan employees and of Plan employees who have retired and are receiving pensions from the Plan. Four members of the General Pension Board are to be concurred in by four members.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the average annual salary attached to the position held by the retiree during the three years prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an automatic increase of 2% per year. City Council may grant additional increases of up to 3% per year to bring the total increase in a given year to 5%.

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. Management of the Plan is vested in the Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of four members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, one representative of the Police Department and one representative of the Fire Department.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the annual salary attached to the rank or position held by the retiree one year prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an increase each year for changes in the salary attached to the retiree's rank in the year before retirement.

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. Management of the Plan is vested in the City Council.

Mr. Garfield's pension and any continuation to his spouse receive the same cost-of-living increases as the City's police employees covered by CalPERS. (CalPERS cost-of-living increases include a 2% per year increase, subject to CPI increase constraints, and purchasing power protection through the CalPERS Purchasing Power Protection Allowance.) Mr. Garfield's surviving spouse receives 50% of the retiree's pension.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

B. 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.

C. Pension Plan Assets

At June 30, 2019 the pension plans reported assets available for benefits as shown below. For actuarial purposes, the value of the Plans' assets were determined to be fair value.

City of Richmond Investment Pool	\$1,225,569
Local Agency Investment Fund (Garfield Plan)	180,243
Wellington Trust Company Mutual Fund (Police and Firemen's Plan)	11,333,245
Interest receivable	1,480
Assets available for benefits at June 30, 2019	\$12,740,537

The Wellington Trust Company Fund investments, classified in Level 2 of the fair value hierarchy, are valued using the market approach, which uses prices and other information generated from market transactions, which typically includes securities priced with unadjusted market quotes, evaluated bids, market multiples, and trade information, and also generally includes short term securities valued at amortized cost which approximates market value. The City of Richmond Investment Pool and the California Local Agency Investment Fund (LAIF) are not subject to the fair value hierarchy. Fair value is defined as the quoted market value on the last trading day of the period.

Investment Policies

The General Pension and Police and Firemen's Pension Plans' policies in regard to the allocation of invested assets is established and may be amended by Resolution of the respective Boards. The Plans allow investments in the following:

- (a) In investments which are authorized by General law for savings banks.
- (b) In investments other than those specified in subdivision (a) hereof, including, but not limited to, corporate bonds and securities, common stocks, preferred stocks, investments in real estate and investment trusts, provided that the total amount invested pursuant to this subdivision shall not exceed fifty percent (50%) of the total amount of funds invested pursuant to this section, and provided further that the following conditions are met:
 - (1) Any stocks or other corporate securities, in which funds are invested, except stocks of banks, insurance companies or mutual funds, shall be registered on a national securities exchange as provided by the Federal Securities Exchange Act.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

- (2) The total amount invested in common and preferred stocks shall not exceed at cost at the time of purchase twenty-five percent of the total amount invested pursuant to this section.
- (3) The total amount invested in the common and preferred stocks of any one company shall not exceed at cost of the time of purchase two percent of the total amount invested pursuant to this section and shall not exceed five percent of the outstanding preferred or common stock of that company.
- (4) No funds shall be invested in the common stocks of any company unless it has paid cash dividends on such stocks in eight of the ten years immediately preceding its purchase by the Board.
- (5) No funds shall be invested in the stocks or other securities of any company other than a bank or insurance company unless it has assets of at least one hundred million dollars (\$100,000,000), or in the stocks or other securities of a bank or insurance company unless it has assets of at least fifty million dollars (\$50,000,000).
- (6) The total amount invested in real estate and other than real estate owned by or leased to the City of Richmond, which amount may include land, buildings, land and buildings or real estate loans, shall not exceed twenty-five percent of the total amount invested pursuant to this section and such investments shall be restricted to first trust deeds which are insured by the Federal Housing Administration or which are guaranteed by the Veterans Administration.

The Garfield Pension Plan does not have a separate investment policy, therefore it uses the City's investment policy.

Interest and Credit 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. The City invests in equities which may be drawn down as needed, subject to terms of the underlying trust agreement. The investments held in the Pension Trust Funds all mature in less than one year.

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. As of June 30, 2019, the investments in the Pension Trust Funds were not rated.

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Police and Firemen's, General Pension and Garfield Pension Plans was 5.51%, 0.64% and 1.93%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

D. Net Pension Liability of the Plans

The components of the net pension liability of the City for each of the Plans is the total pension liability, less each Plan's fiduciary net position.

Actuarial Assumptions. The total pension liability for each plan as of June 30, 2019 was determined based on June 30, 2019 actuarial valuations. The following actuarial assumptions applied to all periods included in the measurement:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Discount rate, net of investment expenses	4.50%	2.77%	2.50%
Expected return on plan assets	4.50%	2.50%	2.50%
Inflation rate (short-term)	2.25%	2.25%	2.25%
Inflation rate (long-term)	2.50%	2.50%	2.50%
Cost-of-living increases	3% per year	5% per year	2% per year
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Salary increases	N/A	N/A	N/A

Mortality rates were based on the California PERS Mortality Table in its 2017 experience study (based on CalPERS 1997-2015 experience).

Discount Rates. The discount rates used to measure the total pension liability for the Police and Firemen's Pension Plan, General Pension Plan and Garfield Pension Plan were 4.50%, 2.77%, and 2.50%, respectively, as of June 30, 2019 and 5.75%, 3.18%, and 3.00%, respectively, as of June 2018.

For the Police and Firemen's Pension Plan, based on the 5 previous years the City has on average contributed 96% of the Actuarially Determined Contribution (ADC). A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 98% of the ADC is contributed to the Plan in future years; (3) assuming that future contribution losses are amortized according to the Plan's funding policy; (4) using the Plan's assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 3.13% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2019) after the projected asset depletion. Based on these parameters, plan assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the Plan's long-term expected rate of return of 4.50% was used as the discount rate.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Based on the 5 previous years the City has on average contributed 72% and 119% of the Actuarially Determined Contribution (ADC) for the General Pension Plan and Garfield Pension Plan, respectively. A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 72% of the ADC is contributed to the General Pension Plan and 100% of the ADC is contributed to the Garfield Pension Plan in future years; (3) assuming that future contribution losses are amortized according to the Plans' funding policies; (4) using the Plans' assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 3.13% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2019) after the projected asset depletion. Based on these parameters, each of the Plan's assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the long-term expected rate of return of 2.50% was used as the discount rate for each of these Plans.

The long-term expected rate of return on pension plan investments was determined for each Plan using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.25%). All results are then rounded to the nearest quarter percentage point.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Best estimates of geometric real and nominal rates of return for each major asset class included in the Plans' asset allocation as of the measurement date are summarized below:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
<i>Police and Firemen's Plan:</i>			
Domestic Equity	55%	3.83%	6.08%
International Equity	0%	4.47%	6.72%
Fixed Income	35%	1.13%	3.38%
Real Estate and Alternatives	0%	3.66%	5.91%
Cash and Equivalents	10%	0.24%	2.49%
Total	100%		5.09%
Reduced for assumed investment expense			(0.60%)
Total (weighted avg, rounded to 1/4%)			4.50%
<i>General Pension Plan:</i>			
Domestic Equity	0%	3.83%	6.08%
International Equity	0%	4.47%	6.72%
Fixed Income	0%	1.13%	3.38%
Real Estate and Alternatives	0%	3.66%	5.91%
Cash and Equivalents	100%	0.24%	2.49%
Total	100%		2.52%
Reduced for assumed investment expense			0.00%
Total (weighted avg, rounded to 1/4%)			2.50%
<i>Garfield Pension Plan:</i>			
Domestic Equity	0%	3.83%	6.08%
International Equity	0%	4.47%	6.72%
Fixed Income	0%	1.13%	3.38%
Real Estate and Alternatives	0%	3.66%	5.91%
Cash and Equivalents	100%	0.24%	2.49%
Total	100%		2.52%
Reduced for assumed investment expense			0.00%
Total (weighted avg, rounded to 1/4%)			2.50%

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Changes in Assumptions. In addition to the change in the discount rates noted above, changes in assumptions from the prior valuation for each plan was as follows:

Police and Firemen's Plan:

- A short-term inflation assumption was added to reflect the plan's anticipated short future duration.
- The long-term inflation assumption decreased from 2.75% to 2.50% to reflect updated economic expectations.
- The mortality table was updated based on the most recent CalPERS experience study.

General Pension Plan:

- The expected return on assets was updated from 3.00% to 2.50% to reflect updated capital market assumptions and the plan's anticipated short future duration.
- A short-term inflation assumption was added to reflect the plan's anticipated short future duration.
- The long-term inflation assumption decreased from 2.75% to 2.50% to reflect updated economic expectations.
- The mortality table was updated based on the most recent CalPERS experience study.

Garfield Pension Plan:

- A short-term inflation assumption was added to reflect the Plan's anticipated short future duration.
- The long-term inflation assumption decreased from 2.75% to 2.50%.
- The COLA assumption was decreased from 2.75% to 2.00% to reflect recent historical experience.
- The mortality table was updated based on the most recent CalPERS experience study.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

E. Changes in the Net Pension Liability of Each Plan

The net pension liability of each Plan is measured as of June 30, 2019 as follows:

Police and Firemen's Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$17,647,021	\$11,587,579	\$6,059,442
Changes in the year:			
Service cost			952,312
Interest on the total pension liability	952,312		952,312
Differences between actual and expected experience	(3,103,425)		(3,103,425)
Changes in assumptions	1,037,914		1,037,914
Changes in benefit terms			
Contribution - employer		1,270,466	(1,270,466)
Contribution - employees			
Net investment income		645,593	(645,593)
Administrative expenses			
Benefit payments, including member contribution refunds	(2,170,136)	(2,170,136)	
Net changes	(3,283,335)	(254,077)	(3,029,258)
Balance at June 30, 2019	\$14,363,686	\$11,333,502	\$3,030,184

Plan fiduciary net position as a percentage of the total pension liability 78.90%

General Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	\$2,466,948	\$741,733	\$1,725,215
Changes in the year:			
Service cost			70,585
Interest on the total pension liability	70,585		70,585
Differences between actual and expected experience	150,123		150,123
Changes in assumptions	102,792		102,792
Changes in benefit terms			
Contribution - employer		812,561	(812,561)
Contribution - employees			
Net investment income		8,124	(8,124)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(494,605)	(494,605)	
Net changes	(171,105)	326,080	(497,185)
Balance at June 30, 2019	\$2,295,843	\$1,067,813	\$1,228,030

Plan fiduciary net position as a percentage of the total pension liability 46.51%

Total - Net Pension Liability	\$16,659,529	\$12,401,315	\$4,258,214

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
Balance at June 30, 2018	\$616,653	\$307,761	\$308,892
Changes in the year:			
Service cost			
Interest on the total pension liability	17,334		17,334
Differences between actual and expected experience	(220,079)		(220,079)
Changes in assumptions	(1,426)		(1,426)
Changes in benefit terms			
Contribution - employer		102,140	(102,140)
Contribution - employees			
Net investment income		7,024	(7,024)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(77,703)	(77,703)	
Net changes	(281,874)	31,461	(313,335)
Balance at June 30, 2019	\$334,779	\$339,222	(\$4,443)

Plan fiduciary net position as a percentage of the total pension liability 101.33%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for each of the Plans, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
1% Decrease	3.50%	1.77%	1.50%
Net Pension Liability (Asset)	\$3,860,827	\$1,331,892	\$12,189
Current Discount Rate	4.50%	2.77%	2.50%
Net Pension Liability (Asset)	\$3,030,184	\$1,228,030	(\$4,443)
1% Increase	5.50%	3.77%	3.50%
Net Pension Liability (Asset)	\$2,281,581	\$1,132,695	(\$19,694)

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

F. Actuarially Determined Contributions

As of the June 30, 2018, actuarial valuations used to calculate the actuarially determined contributions (ADC) for each Plan, the ADC's were determined using the entry-age normal cost method and the assumptions in Note 11B above.

For the Police and Firemen's Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 10-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 96% of the Actuarially Determined Contribution.

For the General Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 6-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 72% of the Actuarially Determined Contribution.

For the Garfield Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 7-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 119% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2019 are presented below:

	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
Police and Firemen's Pension Plan	\$1,389,612	\$1,270,466	91%
General Pension Plan	947,219	812,561	86%
Garfield Pension Plan	86,103	102,140	119%

G. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense for each of the Plans as follows:

	Pension Expense
Police and Firemen's Plan	(\$1,577,294)
General Pension Plan	306,790
Garfield Pension Plan	(209,079)
Total	<u>(\$1,479,583)</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for these Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date		
Differences between Expected and Actual Experience		
Changes of Assumptions		
Net Differences between Projected and Actual		
Earnings on Pension Plan Investments	\$46,501	(\$3,658)
Total	<u>\$46,501</u>	<u>(\$3,658)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$92,614
2021	(97,758)
2022	35,538
2023	12,449

H. Plan Financial Statements

The Statement of Net Position for the Plans at June 30, 2019 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool		\$1,066,985	\$158,584
Local Agency Investment Fund			180,243
Mutual Fund Investments	\$11,333,245		
Accounts receivable	257	828	395
Total Assets	<u>11,333,502</u>	<u>1,067,813</u>	<u>339,222</u>
NET POSITION			
Restricted for employees' pension benefits	<u>\$11,333,502</u>	<u>\$1,067,813</u>	<u>\$339,222</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

The Statement of Changes in Plan Net Position for the year ended June 30, 2019 follows:

	Police and Firemen's Pension	General Pension	Garfield Pension
ADDITIONS			
Net investment income:			
Net increase (decrease) in the fair value of investments	\$411,769	\$32	\$10
Interest income	287,824	8,092	7,014
Investment management fees	(54,000)		
Contribution from the City	1,270,466	812,561	102,140
Total Additions	1,916,059	820,685	109,164
DEDUCTIONS			
Pension benefits	2,170,136	494,605	77,703
Total Deductions	2,170,136	494,605	77,703
Net Increase (Decrease)	(254,077)	326,080	31,461
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	11,587,579	741,733	307,761
End of year	\$11,333,502	\$1,067,813	\$339,222

I. PARS Defined Contribution Plan

Effective July 1, 2014, the City contracted with the Public Agency Retirement System (PARS), to sponsor a Section PARS 457 FICA Alternative Retirement Plan created in accordance with IRC Sections 3121(b)(7)(F) and 457(b), which is a qualified defined contribution pension plan covering all eligible part-time, seasonal and temporary employees of the City on that date and hired thereafter.

The Plan requires these employees to contribute 6.2% and the City to contribute 1.3% of the employees pay plus administration costs. The City's required contributions of \$33,904 and the employees' required contributions of \$137,590 were made during the fiscal year ending June 30, 2019.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plans

Plan Description - 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. The City has two plans:

City OPEB Plan

The City is the Plan administrator, while PARS administers the investment trust. The City OPEB Plan does not issue separate financial statements. PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA, 92660.

RPOA OPEB Plan

The City of Richmond's Police Officers Association (RPOA) Plan was established during fiscal year 2019 and the RPOA OPEB Plan joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. RPOA members who were actively employed as of January 1, 2017 transferred from the City OPEB Plan to the RPOA OPEB Plan. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

A summary of the City OPEB Plan provisions follows:

Plan Provisions for Future Retirees			
Classification	Eligibility (Age/Service Years)	Monthly Premium Paid by City Before/After Medicare Eligibility	Employee Monthly Contribution (1)
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10 years service	Retiree only or surviving spouse: the lesser of \$435 and medical premium Retiree +1 or more: the lesser of \$567 and medical premium Plus PEMHCA Minimum: \$136 Retired on or after 7/1/1995: Reimbursement allowed towards non-PERS plans	None
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU	Retiree only or surviving spouse: the lesser of \$435 and medical premium Retiree +1 or more: the lesser of \$567 and medical premium Plus PEMHCA Minimum: \$136	Effective 1/1/2017: \$50 Effective 1/1/2018: \$100
Fire Local 188	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to premium for coverage. Percentage is 90%, increased to 100% after 27 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non- Medicare eligible premium for coverage selected. Plus PEMHCA minimum: \$136	Effective 1/1/2017: \$200 Effective 1/1/2018: \$300 Effective 7/1/2019: \$400
Fire Management and Fire Executive Management	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to premium for coverage. Percentage is 80%, increased to 90% after 15 years of service and 100% after 25 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non-Medicare eligible premium for coverage selected. Plus PEMHCA minimum: \$136	Effective 1/1/2017: \$200 Effective 1/1/2018: \$300 Effective 7/1/2019: \$400
Police Widows	Death in line of duty	Full premium of medical, dental and vision	None
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Service includes non City service Minimum 5 years City Service	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65% after 10 years of service, increased to 75% after 20 years of service, and 100% after 25 years of service.	Effective 7/1/2017: \$300 Effective 7/1/2018: \$425 Effective 7/1/2019: \$525

(1) Prior to January 1, 2017, active Employees were not required to make monthly contributions.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

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	Same as future retirees
	Retired prior to July 1, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: \$224/\$182 Retiree +1 or more: \$344/\$284
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Same as future retirees
	Retired November 5, 1999 to June 30, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: \$224/\$182 Retiree +1 or more: \$344/\$284
	Retired before November 5, 1999	Same as future retirees, but caps are: Retiree only or surviving spouse: \$124/\$82 Retiree +1 or more: \$244/\$184
Fire Local 188		Same as future retirees
Fire Management	Retire on or after 7/1/2006	Same as future retirees
	Retire before 7/1/2006	Eligible at 35/15 Same as future retirees, but caps are: Percentage of premium for retiree/dependents/surviving spouse up to Kaiser non-Medicare eligible premium for coverage selected. Percentage is 90%, increased to 100% after 27 years of service.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees (Continued)		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
Richmond Police Officer Association (RPOA)	Retire on or after 7/1/2008 but before 1/1/2017	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$136 City also pays 100% of dental and vision premiums.
	Retired between 7/1/2004 and 6/30/2008	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$136 City also pays 100% of dental and vision premiums. Reimbursement capped at \$614.
	Retired between 7/1/1997 and 6/30/2004	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$136 City also pays 100% of dental and vision premiums. Reimbursement capped at \$550.
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Premium paid for dental and vision. Plus PEMHCA minimum \$136
	Retired before 7/1/1994	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement, excluding the PEMHCA minimum, capped at \$210 for single coverage and \$300 for 2-party coverage Premium paid for dental and vision. Plus PEMHCA minimum: \$136

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees (Continued)		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
Police Management and Police Executive Management	Retired on or after 7/1/2008	Same as future retirees
	Retired between 1/1/1995 ⁽¹⁾ and 6/30/2008	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service. Retired after 1/1/2007 - Reimbursement capped at Kaiser premium, excluding the PEMHCA minimum, for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired on or before 1/1/2007 - Reimbursement capped at 2nd highest premium plan, excluding the PEMHCA minimum, for coverage selected Retired on or after 7/1/1995: Reimbursement allowed towards non-PERS plans Plus PEMHCA minimum: \$136

- ⁽¹⁾ The City did provide medical premium benefits with single and 2-party caps for Police Management that retired prior to January 1, 1995, and as of June 30, 2019 there were two retirees receiving such benefits.

A summary of the RPOA OPEB Plan provisions follows:

Plan Provisions for Future Retirees			
Classification	Eligibility (Age/Service Years)	Monthly Premium Paid by City Before/After Medicare Eligibility	Employee Monthly Contributions
Richmond Police Officer Association (RPOA)	10 years of service Service includes non City service Minimum 5 years City service	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$136 City also pays 100% of dental and vision premiums.	Effective 1/1/2017: \$150 Effective 1/1/2018: \$225 Effective 1/1/2019: \$250 Effective 1/1/2020: \$275 Effective 1/1/2021 \$300

Plan Provisions for Current Retirees		
Classification	Subgroup	Monthly Premium Paid by City Before/After Medicare Eligibility
Richmond Police Officer Association (RPOA)	Retired January 1, 2017 or later	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50% after 10 years of service, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$136 City also pays 100% of dental and vision premiums.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

For retirees eligible to continue health benefits, but failing to meet the criterion in the tables above, the City pays the Public Employees Medical and Hospital Care Act (PEMHCA) minimum, which is \$136 in 2019.

City OPEB Plan Membership – As described in the table in Note 12A, Plan membership varies based on different employee bargaining groups. As of the June 30, 2017 valuation date, membership in the City OPEB Plan consisted of the following:

Active employees electing coverage	479
Active employees waiving coverage	41
Retiree and beneficiaries receiving benefits	605
Total	1,125

RPOA Plan Membership – As of the June 30, 2017 valuation date, membership in the RPOA OPEB Plan consisted of the following:

Active employees electing coverage	148
Active employees waiving coverage	3
Retiree and beneficiaries receiving benefits	2
Total	153

B. Funding Policy and Actuarial Assumptions

City OPEB Plan

Funding Policy – During the year ended June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Defined Benefit Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS). The balance in the City's PARS trust account as of June 30, 2019 was \$16,631,743.

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. In July 2016, the City adopted an additional funding policy to place into the PARS trust half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (15%) in an effort to pay down the unfunded liability. The City did not make any additional transfers to the PARS Trust in fiscal year 2019.

RPOA OPEB Plan

A new Richmond Police Officers Association (RPOA) contract was implemented on January 17, 2017. The new RPOA plan includes members who were actively employed as of the January 17, 2017 contract date. The RPOA members were transferred from the OPEB Plan to the new RPOA OPEB Plan during fiscal year 2019.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy – The RPOA plan has assets designated for OPEB. These assets are invested in California Employers' Retiree Benefit Trust (CERBT) Strategy 2, which is a qualified irrevocable trust. Annual contributions by the City are made on an ad hoc basis as funds are available. Benefit payments are not expected to be made from the trust in the near future. The City currently pays the annual retiree benefit payments using its general assets plus the annual active member contributions.

The balance in the CERBT trust account was \$1,879,640 as of June 30, 2019.

Actuarial Assumptions – The total OPEB liability for each plan was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2019 using standard update procedures. The City OPEB plan valuation used the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions	
Valuation Date		June 30, 2017
Measurement Date		June 30, 2019
Actuarial Cost Method		Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:		
Discount Rate		3.84%
Inflation		2.75%
CPI Medical Care		4.00%
Payroll Growth		3.00%
Investment Rate of Return		6.75%
Index Rate for 20 year, tax exempt municipal bonds		3.13%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study.	
Healthcare Cost Trend Rates:		
Health - Not Medicare Eligible	6.80% for 2018, 6.90% for 2019, 6.30% for 2020, 5.80% for 2021 and 5.20% for 2022-2055, transitioning to ultimate rate of 4.40% in 2075 and further years	
Health - Medicare Eligible	6.80% for 2018, 5.60% for 2019, 5.40% for 2020, 5.30% for 2021 and 5.20% for 2022-2055, transitioning to ultimate rate of 4.40% in 2075 and further years	
Dental		To increase 4.00% annually
Vision		To increase 3.00% annually

The RPOA OPEB Plan valuation used the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions	
Valuation Date		June 30, 2017
Measurement Date		June 30, 2019
Actuarial Cost Method		Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:		
Discount Rate		3.20%
Inflation		2.75%
CPI Medical Care		4.00%
Payroll Growth		3.00%
Investment Rate of Return		6.50%
Index Rate for 20 year, tax exempt municipal bonds		3.13%
Mortality	Based on assumptions for Public Agency Police members published in the December 2017 CalPERS Experience Study.	
Healthcare Cost Trend Rates:		
Health - Not Medicare Eligible	6.80% for 2018, 6.90% for 2019, 6.30% for 2020, 5.80%, for 2021 and 5.20% for 2022-2055, transitioning to ultimate rate of 4.40% in 2075 and further years	
Health - Medicare Eligible	6.80% for 2018, 5.60% for 2019, 5.40% for 2020, 5.30% for 2021 and 5.20% for 2022-2055, transitioning to ultimate rate of 4.40% in 2074 and further years	
Dental		To increase 4.00% annually
Vision		To increase 3.00% annually

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount rate – The discount rate used to measure the total City OPEB liability was 3.84% for the City OPEB Plan and 3.20% for the RPOA OPEB Plan. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on City OPEB plan investments was applied to all periods of projected benefit payments to determine the total City OPEB liability.

Generally accepted accounting principles require that the liability discount rate be the single rate that reflects the following:

- A. The long-term expected rate of return on City OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the City OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) City OPEB plan assets are expected to be invested using a strategy to achieve that return; and
- B. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in A. are not met. The municipal bond rate source used as of June 30, 2019 the Fidelity 20-Year General Obligation AA Municipal Bond Index.

Changes of assumptions since the prior actuarial valuation for the City OPEB Plan were:

- The long-term investment return assumption was changed from 6.85% to 6.75% based on updated capital market assumptions.
- The discount rate was changed from 4.12% to 3.84% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates.
- An underlying wage growth rate of 2.75% per year was added to the salary scale table based on a revised understanding of the CalPERS assumption.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

City OPEB Plan

Rate of Return – For the year ended June 30, 2019, the annual money-weighted rate of return on City OPEB Trust Fund investments, net of City OPEB plan investment expense, for the City OPEB Plan was 6.74%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policy – PARS offers different investment portfolios as part of the investment vehicle. The City invests in the “Balanced/Moderately Aggressive Highmark PLUS” portfolio; the primary goal of the Highmark Plus portfolio is growth of principal and income. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through three layers of diversification as follows:

Asset Class	Acceptable Range of Asset Allocation
Equity	50-70%
Fixed income	30-50%
Cash	0-20%

Investments of the City OPEB Trust Fund at June 30, 2019 consisted of \$16,631,743 invested in mutual funds.

The long-term expected rate of return on City OPEB Plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of City OPEB Plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The target allocation for the City OPEB Plan’s asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
US equity-large cap	32.0%	4.95%	7.70%
US equity-small/mid cap	15.0%	5.71%	8.46%
International equity	7.0%	5.24%	7.99%
Emerging market equity	4.0%	6.35%	9.10%
REITs	2.0%	4.19%	6.94%
Core fixed income	33.8%	1.99%	4.74%
High yield fixed income	1.25%	3.35%	6.10%
Cash and equivalents	5.0%	0.58%	3.33%
Total	100.0%		7.13%
Reduction for assumed investment expense			-0.35%
Net assumed investment return (round to 1/4%)			6.75%

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

RPOA OPEB Plan

The long-term expected rate of return on RPOA OPEB Plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of RPOA OPEB Plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The target allocation for the RPOA OPEB Plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Equity	40.0%	4.95%	7.70%
Fixed Income	43.0%	1.99%	4.74%
TIPS	5.0%	1.57%	4.32%
Commodities	4.0%	2.45%	5.20%
REITs	8.0%	4.19%	6.94%
Total	100.0%		6.52%
Reduction for assumed investment expense			(-0.10%)
Net assumed investment return (round to 1/4%)			6.50%

C. *Changes in Net OPEB Liability*

The changes in the net OPEB liability for the City OPEB Plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(As set) (a) - (b)
Balance at June 30, 2018	\$205,166,566	\$17,422,879	\$187,743,687
Changes Recognized for the Measurement Period:			
Service Cost	3,452,679		3,452,679
Interest on the total OPEB liability	7,625,498		7,625,498
Changes in benefit terms	(19,910,800)		(19,910,800)
Differences between expected and actual experience			
Changes of assumptions	(1,409,953)		(1,409,953)
Contributions from the employer		6,714,785	(6,714,785)
Contributions from the employee		532,288	(532,288)
Net investment income		1,170,454	(1,170,454)
Administrative expenses		(81,950)	81,950
Benefit payments (1)	(7,247,073)	(7,247,073)	
Plan to Plan Transfer (2)		(1,879,640)	1,879,640
Net changes	(17,489,649)	(791,136)	(16,698,513)
Balance at June 30, 2019 (Measurement Date)	\$187,676,917	\$16,631,743	\$171,045,174

(1) Benefit payments are comprised of \$4,169,823 direct subsidy payments to retirees and \$3,077,250 implicit subsidy costs incurred during the measurement period ending 6/30/2019.

(2) Transferred to the RPOA Plan established in fiscal year 2019.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The changes in the net OPEB liability for the RPOA OPEB Plan is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2018			
Changes Recognized for the Measurement Period:			
Service Cost	\$1,939,517		\$1,939,517
Interest on the total OPEB liability	764,597		764,597
Changes in benefit terms (1)	21,995,467		21,995,467
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer			
Contributions from the employee		\$82,673	(82,673)
Net investment income			
Plan to Plan transfer (2)		1,879,640	(1,879,640)
Benefit payments (3)	(82,673)	(82,673)	
Net changes	24,616,908	1,879,640	22,737,268
Balance at June 30, 2019 (Measurement Date)	\$24,616,908	\$1,879,640	\$22,737,268

- (1) The new RPOA contract was implemented 1/17/2017. The new RPOA plan liabilities are based on actively-employed RPOA members as of the 1/17/2017 contract date.
- (2) The new RPOA plan established a separate CERBT trust effective 6/28/2019 with an initial contribution of \$1,879,640 transferred from the City's PARS trust and includes employee contribution of \$414,913. Additions in this report.
- (3) Benefit payments are comprised of \$69,964 direct subsidy payments to retirees and \$12,709 implicit subsidy costs incurred during the measurement period ending 6/30/2019.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of both plans, as well as what the net OPEB liabilities would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

City OPEB Plan

Net OPEB Liability/(Asset)		
	Current	
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.84%)	(3.84%)	(4.84%)
\$197,208,113	\$171,045,176	\$149,599,693

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

RPOA OPEB Plan

Net OPEB Liability/(Asset)		
Current		
Discount Rate -1% (2.2 %)	Discount Rate (3.2%)	Discount Rate +1% (4.2%)
\$27,102,568	\$22,737,268	\$19,203,027

The following presents the net OPEB liability of both the Plans, as well as what the net OPEB liabilities would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

City OPEB Plan

Net OPEB Liability/(Asset) Healthcare Cost Trend		
Current		
1% Decrease	Trend Rates Various - see assumptions above	1% Increase
\$149,899,715	\$171,045,176	\$196,881,557

RPOA OPEB Plan

Net OPEB Liability/(Asset) Healthcare Cost Trend		
Current		
1% Decrease	Trend Rates Various - see assumptions above	1% Increase
\$19,594,766	\$22,737,268	\$27,222,427

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

City OPEB Plan – For the year ended June 30, 2019, the City recognized OPEB expense of (\$7,747,413). At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		\$1,714,437
Changes of assumptions	\$5,304,144	1,074,248
Net differences between projected and actual earnings on plan investments	48,765	
Total	\$5,352,909	\$2,788,685

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

City OPEB Plan — Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	\$833,496
2021	833,496
2022	833,495
2023	63,737

RPOA OPEB Trust Fund — For the year ended June 30, 2019, the RPOA OPEB Plan recognized OPEB expense of \$22,819,941. At June 30, 2019, the RPOA OPEB Plan did not report any deferred outflows or inflows of resources related to OPEB.

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 14 – RISK MANAGEMENT (Continued)

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
	Earthquake: 10% pre-1970, 5% post-1970 of total insured value of each building; minimum \$100,000		
Difference in Conditions	All others: \$25,000	\$50,000,000 inclusive of deductible	Various
Crime/Employee Dishonesty	\$2,500 per claim	\$15,000,000 inclusive of deductible	National Union Fire Insurance Company
Property	\$100,000 per claim except flood zones A&V that have a deductible of \$250,000	\$400,000,000 inclusive of deductible \$100,000,000 limit for flood all zones, except zones A & V, which have a limit of \$50,000,000	Various
Boiler and Machinery	\$100,000 per claim	\$100,000,000 inclusive of deductible	Various
Port Liability	\$25,000 per claim	\$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	\$1,000,000 per occurrence; \$2,000,000 aggregate	Evans ton Insurance
Excess Workers' Compensation	\$750,000 per claim	Statutory limit	Various
Student Volunteer	N/A	\$50,000 limit	Ace American
Pollution Liability - Policy 1	\$250,000 per claim	\$20,000,000 inclusive of deductible	ACE - Illinois Union
Pollution Liability - Policy 2	\$75,000 per claim	\$5,000,000 limit	Illinois Union
Cyber Liability	\$100,000 per claim	\$2,000,000 limit	Lloyds of London

CJPRMA

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

Type of Coverage (Deductible)	Coverage Limits
Property (\$25,000)	\$5,000,000
Liability (\$500,000)	\$40,000,000
Employment Practices (\$500,000)	\$5,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of \$914,107 for the year ended June 30, 2019. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 14 – RISK MANAGEMENT (Continued)

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit and the City retains a self-insured retention of \$750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of \$318,948 for the year ended June 30, 2019. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

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

Housing Authority Insurance Group

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

Property	Building and Personal Property Premium	Annual Premium	Deductible
Nevin Plaza (#1)	\$7,573	\$131	\$25,000
Nystrom Village	24,429	714	25,000
Administration Office	955	0	25,000
Hacienda (A)	17,544	21,930	5,000

(A) Policy was effective through June 27, 2019. Subsequent policy was effective beginning July 1, 2019.

All of the Housing Authority properties are included in the general liability coverage under the CJPRMA program.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 14 – RISK MANAGEMENT (Continued)

Liability for Self Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2019, the estimated claims payable of \$44,577,999 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% and an 80% confidence level. The undiscounted claims totaled \$42,167,000 at June 30, 2019. Changes in the claims liabilities for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Claims liabilities, beginning of year	\$37,707,574	\$36,528,414
Current year claims	10,729,000	10,536,000
Change in prior year claims	7,810,293	2,518,288
Claim payments	(7,775,666)	(6,694,998)
Legal, administrative and other expenses	(3,893,202)	(5,180,130)
Claims liabilities, end of year	\$44,577,999	\$37,707,574
Claims liabilities, due in one year	\$13,577,334	\$11,120,445

For the years ended June 30, 2019, 2018 and 2017 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:

- 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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Fiscal 2019 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Position

Assets:	
Current assets	\$3,928,818
Capital assets	1,690,010
Total assets	<u>5,618,828</u>
Liabilities:	
Current liabilities	326,161
Long-term liabilities	2,434,137
Total liabilities	<u>2,760,298</u>
Net position:	
Net investment in capital assets	(751,579)
Unrestricted	3,610,109
Total net position	<u>\$2,858,530</u>

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

Operating revenues:	
Lease income	\$602,591
Operating expenses:	
General and administrative	(45,822)
Maintenance	(28,485)
Depreciation	(85,563)
Operating income	<u>442,721</u>
Nonoperating revenues (expenses):	
Interest income	57,338
Interest expense	(114,059)
Income (Loss) Before Contributions and Transfers	<u>386,000</u>
Transfers out	(86,778)
Change in net position	299,222
Beginning net position	2,559,308
Ending net position	<u>\$2,858,530</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$573,077
Noncapital and related financing activities	(86,778)
Capital and related financing activities	(513,132)
Investing activities	56,749
Net increase	29,916
Beginning cash and investments	3,816,321
Ending cash and investments	<u>\$3,846,237</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. *Lease and Construction Commitments*

The Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. The City's original lease was a three year lease which expired on December 31, 2009, and it had an option to renew for five (5) one year periods until December 31, 2014. In October 2014, the City and DiCon Fiberoptics, Inc. entered into a new five year lease extension with the term commencing January 1, 2015 through December 31, 2019, with an option to renew for five (5) one year periods until December 31, 2024. The lease calls for minimum monthly lease payments of \$147,089.

The Richmond Municipal Sewer District occupies leased premises owned by West County Wastewater District. The City's original lease was a two year lease which expired on December 31, 2012, with an option to renew for one (1) three year period and one (1) two year period until December 31, 2017. In January 2017, the City and West County Wastewater District entered into a first amendment to the ground lease with four possible extensions for terms commencing January 1, 2016 through December 31, 2017; January 1, 2018 through December 31, 2020; and January 1, 2021 through December 31, 2025. The lease calls for minimum monthly lease payments of \$195,383.

The City's future commitments under construction and other projects totaled approximately \$82.4 million at June 30, 2019 for various projects.

B. *Litigation*

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In City management's opinion these matters will not have a significant adverse effect on the City's or RHA Properties' financial position, with two potential exceptions noted below:

In March 2012, a developer and an associated entity filed a complaint in federal court against the United States of America, two individuals, and the City contending breach of contract related to a Land Disposition Agreement (LDA) between the developer and the City for the development of City-owned property for a specific use. The developer and associated entity seek damages of \$30 million as well as lost profits of over \$750 million. The City disputes the allegations and contends that the LDA did not commit the developer or the City to develop the property for the specific use and that the developer's right to move forward with the development was subject to various federal approvals. The City received a favorable judgement on the matter, but an appeal by the developer and associated entity resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint. The plaintiffs filed an amended complaint and the City answered, denying the plaintiffs' allegations and asserting affirmative defenses and counterclaims. In April 2018, the City again received a favorable judgement on the matter under which the City will pay no monetary damages to the developer and the developer's claims were dismissed. Under the terms of the judgment, future proceeds from the sale of the property will be shared equally between the City and the developer. However, the judgment is being challenged by an environmental rights group. The City may be negatively impacted should the court rule in favor of the group, however any such impact cannot be determined at this time.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

C. Grant Programs

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

D. Grant Programs – Disallowed Costs

HOME and CDBG Programs

During fiscal year 2013, the City was subject to two separate monitoring visits by the Department of Housing and Urban Development (HUD) of the City's HOME investment partnership (HOME) and Community Development Block Grant (CDBG) activities. In its reports, HUD listed thirteen findings covering various activities performed over a six year period applicable to the programs and disallowed costs approximating \$2.4 million.

The City prepared responses to the findings, including assembling and providing additional documentation to HUD as well as performing numerous corrective actions and meetings to negotiate settlements with HUD. In July 2016, HUD determined the City's repayment obligation to be \$366,063, \$786,597, and \$1,807,490 for CDBG-R, CDBG and HOME, respectively.

In August 2016, the City requested a Voluntary Grant Reduction in the amount of \$1,807,409 in unspent HOME funds to be applied toward the obligation in lieu of making payments to HUD. In addition, the City also requested a Voluntary Grant Reduction of \$85,000 in unspent CDBG funds to be used towards the \$786,597 repayment obligation. However, if the City elected to make this request, all remaining obligations would be due within 90 days. Alternatively, the City requested a payment plan with installments over a three-year period for the remaining CDBG and CDBG-R funds.

In December 2016, HUD accepted the City's repayment terms regarding the treatment of the ineligible costs for the CDBG repayment obligation of \$786,597, which is payable in two equal installments in fiscal years 2018 and 2019. The first installment of the CDBG repayment obligation of \$393,298 was paid in September 2017 and the final installment in the amount of \$393,298 was due in September 2018. In HUD's January 2017 close-out letter, HUD accepted the Voluntary Grant Reductions for HOME ineligible costs and the City's remaining grant funds were applied against the ineligible costs, reducing the City's repayment obligation under the HOME program to zero. The CDBG-R repayment obligation of \$366,063 was paid in full in March 2017. The City received another Voluntary Grant Reduction approval in August 2017 from HUD of \$86,231 to be applied against CDBG ineligible costs, reducing the total CDBG obligation to \$700,365. The reduction was applied to the final installment payment in September 2018 of \$307,067. As of June 30, 2019, the City is free and clear of any obligation to HUD.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

Housing and Urban Development

On June 3, 2016, the Office of the Inspector General issued a report in response to an allegation that the Authority allowed the City to use HUD funds and Authority assets and that the City charged the Authority for rent and services at an unreasonable price. The report concluded that the allegations held merit and the Authority misspent \$2.2 million in HUD funds and had \$994,910 in unsupported costs due to a lack of independence between the Authority and the City along with a weak internal control environment. The OIG recommended that the Director of the San Francisco Office of Public Housing that monitors the Authority, require the Authority to repay \$2.1 million for ineligible use of HUD funds along with \$53,347 for duplicate charges, and \$60,000 for a City initiated management audit. In addition, it was suggested the Authority be required to provide additional support for \$80,890 of the Executive Director's salary spent on activities, \$180,000 spent on office rent, determine proper use of former maintenance building property, and develop and implement financial policies and procedures for the current operating environment. Further, it was recommended that HUD work with the Authority to improve control and accountability including HUD receivership and separating the Authority finances from the City. The Authority contested several of the conclusions made by the OIG. Although Authority management strongly believed in its response made to OIG that the Authority's actions were proper and agreed to in advance by HUD, Authority and City staff have concluded that neither the participants in the Authority's programs or the residents of the City will be well served by continued discord with HUD distracting from program improvements. Accordingly, City, Authority and OIG staff have negotiated a settlement agreement among the City, Authority and HUD whereby the City agrees to return \$2.1 million to the Authority's accounts (as opposed to returning the funds to the U.S. Treasury) and limit the use of those funds to specific categories identified by HUD. The settlement agreement was approved by City Council in March 2018 and fully executed in April 2018. The General Fund returned the \$2.1 million to the Housing Authority during fiscal year 2018, as discussed in Note 4B.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

E. Housing Authority – Easter Hill Project

The Authority participates in a number of federally assisted grant programs, principal of which are the Section 8 Housing Assistance and the HOPE VI Revitalization Grant. It is possible that at some future date, it may be determined that the Authority is not in compliance with applicable grant requirements. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

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 foot community room with facilities for an after school program, computer center, gymnasium and conference room.

In addition, pursuant to 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 \$14,276,909, representing reimbursement from the developer which had been recorded in the accompanying financial statements as due from developer. The balance outstanding as of June 30, 2019 is \$11,221,743.

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

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site have been constructed. The remaining 202 rental units at the site have been leased. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. All homeownership units have been sold.

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

F. RHA Properties – Status of Operations

RHA Properties having sold Westridge at Hilltop Apartments is at the point of being an entity with no activity. It is idle and available to be used in the future. Management currently has no further plans for the entity.

G. Point Molate – Pollution Remediation

In September 2008, the City entered into an Early Transfer Cooperative Agreement (ETCA) with the United States Department of the Navy the (Navy) to facilitate the transfer of 41 acres of property that was formerly the Naval Fuel Depot Point Molate (Point Molate). The ETCA identifies certain known pollution issues with the property, and the Navy is the responsible party. However, under the provisions of the ETCA, the Navy advanced \$28 million to the City representing the estimated cost of cleanup, and the City committed to manage the project. Any pollution found that was not caused by the Navy's use of the land is to be paid by the City, however, as of June 30, 2019, no additional pollution has been identified.

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

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

Under the terms of the agreements with the Navy and the Developer, the City does not retain responsibility for the cleanup of the known pollution. The City is merely acting as a pass-thru of the grant funds from the Navy to the Developer and the activities for the project are reported in the Pt. Molate Private-Purpose Trust Fund.

H. Other – Major Taxpayer

In fiscal year 2009, a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believed Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The court ruled in favor of the business license taxpayer awarding a refund of the \$20.5 million Measure T taxes paid. The City filed an appeal, however in May 2010 the taxpayer and the City entered into a settlement agreement in order to achieve certainty in the tax revenue that the City will receive from the taxpayer over the next 15 years. The agreement provides for annual payments from the taxpayer ranging from \$4 million to \$13 million starting July 1, 2011, with payments totaling \$114 million. In addition, the agreement incorporated the prior settlement of a dispute over fiscal year 2006, 2007 and 2008 utility user's taxes totaling \$28 million that was paid in four installments beginning in fiscal year 2009. Payments totaling \$82 million were received under the settlement agreements in fiscal years 2011 through 2019.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

In fiscal year 2015, the City entered into an Environmental Community Investment Agreement (ECIA) with the same taxpayer that provides for funding to the City and other community agencies totaling \$80 million over the next ten years. During fiscal year 2019, the City received \$9 million that is restricted for use on pre-approved projects, and the City has received \$35 million to date.

I. *Police Communications Systems*

The City administered program to provide records management and dispatch services to participating local agencies. The participating agencies, which include the City, are responsible for maintenance and system enhancements. The City is required to account for the enhancement in a separate account which is shown in the Police Telecommunications Internal Service Fund as unearned revenue as of June 30, 2019. The program dissolved effective June 30, 2017. The distribution of the funds the City holds for enhancement from all participating agencies began in fiscal year 2018 and will be completed by fiscal year 2020.

J. *Housing Authority Rental Assistance Demonstration*

RHA Rental Assistance Demonstration (“RAD”) Program conversion of the Friendship Manor and Triangle Court public housing sites occurred during the 2016 calendar year (includes both the 2015 and 2016 fiscal years). The RAD project consists of 156 units of Public Housing will that were converted to non-profit ownership with Section 8-Project Based Voucher rental subsidy on the two separate properties; all 156 units, except for three units (two are reserved for onsite managers and one for a manager's office), will be used to house low-income residents.

On October 8, 2015, the Department of Housing and Urban Development (HUD) issued and executed the RAD Conversion Commitment (RCC) which represents the agreed upon and approved terms of the RAD conversion transaction.

On November 18, 2015, California Tax Credit Allocation Committee made a preliminary reservation of federal tax credits in the amount of \$1,228,999 accommodated upon executing Tax-Exempt Bond Project to raise funding in the amount of \$36.7 million, the approximate estimated cost of the RAD project; of which \$16.5 million shall be provided by a third-party Tax Credit investor.

The Authority has partnered with the John Stewart Company and The Richman Group to form a Limited Partnership, RHA RAD Housing Partners L.P., that will complete the conversion, manage the property and own the buildings. The Authority will relinquish the land via a long term ground lease.

In furtherance of the finances provided by the Authority, the City of Richmond loaned \$5.4 million to RHA RAD Housing Partners L.P. that will be repaid in 55 years and accrues interest at a rate of 1%. The loan was initially signed with RHA Housing Corporation and then it was transferred and reassigned to RHA RAD Housing Partners L.P., as discussed in Note 5.

After the property is placed in service and receives approval of the 8609 documents from the State of California, the Authority will split a developer fee of \$2.5 million with its general partner John Stewart Company (70%/30%). The project was converted to permanent financing on June 6, 2019.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

RHA RAD Housing Partners L.P. will also receive \$732,557 in Public Housing and Capital Improvement funds throughout the January 1, 2016 – December 31, 2016 calendar year to cover the RAD Housing Assistance Program (HAP) Voucher commitments of subsidy for the low income housing units at the two developments. The terms of this requirement are consistent with Notice 2012-32 of the Rental Assistance Demonstration program which requires RAD conversions that close after November 30th of the calendar year to be funded out of Public Housing and Capital Fund Programs until the next calendar year, at which time the Developments will be funded with Section 8 Housing Choice RAD Vouchers.

In a transaction related to the RAD project during the fiscal year ended June 30, 2016, the Richmond Housing Authority transferred capital assets to RHA RAD LLC, which then sold the capital assets to RHA RAD Housing Partners LP with a carrying value of \$14,358,255 in return for two loans receivable in the amounts of \$8,891,500 and \$5,618,500. These loans are to be repaid in 55 years and bear annual interest rates of 2.82%.

K. *Marina Bay – Pollution Remediation*

The Successor Agency owned a group of land tracts collectively referenced as the “Nine Deed Restricted Properties.” The Successor Agency was named as a responsible party at these sites under a Voluntary Cleanup Agreement with the State Department of Toxic Substances Control (DTSC) to conduct pollution monitoring and remediation. However, the Successor Agency received approval from the DOF to transfer the properties and their maintenance to the City at June 30, 2016. Therefore, the City is now the responsible party at the sites. These nine properties sit within the larger Marina Bay development site. A Remediation Action Plan (RAP) was prepared for Marina Bay in 1993 and included references to each of the Deed Restricted Properties. Eight of the nine deed restricted properties are subject to an Operations & Maintenance (O&M) Plan. The O&M Plans require annual inspections of the cap material and reporting of the findings to DTSC. The O&M Plans also require that a five-year review report be prepared and submitted to DTSC. The five-year review reports describe the inspection and maintenance activities that were performed over the previous five years. The annual monitoring costs are estimated at \$8,700, with the five year review estimated at \$45,000. The monitoring costs over a five year period are estimated at \$88,500.

The RAP was subsequently amended in 2008 to address Area T, one of the Nine Deed Restricted Properties. The amended RAP subjects the site to groundwater sampling, analysis, and remediation. The approximate annual costs for the existing groundwater sampling, analysis and remediation program is approximately \$89,000. The known pollution at this site is a layer of petroleum hydrocarbons above groundwater and petroleum hydrocarbons dissolved in groundwater. Active remediation has been conducted since September 2008 by the former Redevelopment Agency and now by the Successor Agency. DTSC requested that the Successor Agency submit a work plan describing the methods to enhance the recovery of free product and dissolved petroleum hydrocarbons at Area T. The Successor Agency submitted a Work Plan for Enhancement of Groundwater Remediation Program to DTSC in March 2015 (Work Plan). DTSC approved the Work Plan in April 2015. The cost to implement the enhanced groundwater remediation program is estimated at \$95,000. This preliminary estimate has not been accrued as a liability in the City’s Statement of Net Position. This estimate is also subject to change from price increases or reductions, technology, and changes in applicable laws or regulations.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

L. Other Commitments and Contingencies

The Authority and its component units RHA Housing Corporation and RHA RAD LLC entered into several arrangements including a Co-Guarantor Contribution Agreement with third parties as participants in a tax credit bonds project to accommodate the required funding to convert two properties from a conventional public housing project to a rental assistance demonstration program, as discussed in Note 16J.

M. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2019 were as listed below:

	Amount
General Fund	\$63,180
Community Development and Loan Programs	
Special Revenue Fund	709,746
Non-Major Governmental Funds	1,198,892
	<u>\$1,971,818</u>

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency's asset transfers, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. The State Controller's Office completed its asset transfer review in November 2013 and the State ordered the return of certain assets to the Successor Agency to the Redevelopment Agency. The City complied with certain aspects of the State's order during fiscal year 2013 by returning applicable capital assets to the Successor Agency and the Oversight Board retroactively approved other prior transfers to the City and the State has indicated that no further action is necessary. The State also ordered the return of assets previously transferred to the City as Housing Successor totaling \$16,460,848, because the transfer of the housing assets had not been approved by the Oversight Board. The Oversight Board adopted a Resolution on February 25, 2014 retroactively approving the transfer of the loans to the Housing Successor.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Fund which is included in the Community Development and Loan Programs Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Asset Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. As of July 1, 2018, Contra Costa County has formed a county-wide Oversight Board to oversee the activities of all Successor Agencies within the County, including Richmond. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)**

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews were to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR, after making an adjustment, and the Successor Agency remitted the unencumbered balance of \$4,067,242 to the County in November 2014. The Department of Finance approved the Non-housing DDR in December 2014, and no funds were required to be remitted to the County. The Successor Agency received a Finding of Completion on December 9, 2014.

The activities of the Successor Agency are reported in the Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

B. *Loans Receivable*

The Successor Agency assumed non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage economic development. Under these programs, grants or loans were provided under favorable terms to developers who agreed to expend these funds in accordance with the Agency's terms.

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. After a period of variable interest rates, the loan has converted to a fixed 5% interest rate. Interest and principal payments are due semi-annually through 2025. The balance of the loan was \$1,394,000 as of June 30, 2019.

C. *Capital Assets*

The Successor Agency assumed the non-housing capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

During the fiscal year 2019, the Successor Agency sold the remaining land with a prior carrying value of \$4,313,167.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

D. Long-term Obligations

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2019:

	Balance July 01, 2018	Additions (A)	Retirements (B)	Balance June 30, 2019	Due Within One Year	Due in More than One Year
Bonds Payable	\$62,328,212	\$993,169	(\$7,239,078)	\$56,082,303	\$4,980,000	\$51,102,303
Loans payable from direct borrowing	21,640,000		(925,000)	20,715,000	3,840,000	16,875,000
Notes payable from direct borrowing	10,636,837		(332,087)	10,304,750	338,728	9,966,022
Total	<u>\$94,605,049</u>	<u>\$993,169</u>	<u>(\$8,496,165)</u>	<u>\$87,102,053</u>	<u>\$9,158,728</u>	<u>\$77,943,325</u>

(A) Includes bond accretion for capital appreciation bonds totaling \$993,169.

(B) Retirements of bonds payable includes principle retirements in the amount of \$6,970,000 and amortization of bond premium in the amount of \$269,078.

Bonds Payable

Bonds payable at June 30, 2019 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$5,203,141
Subordinate Tax Allocation Bonds - 2007 Series B	11,892,854
Subordinate Tax Allocation Refunding Bonds - 2010 Series A	23,910,000
Successor Agency of RCRA Refunding Bonds - 2014 Series A & B	15,076,308
Total	<u>\$56,082,303</u>

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 were 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. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the defeasance of the outstanding balance of the current interest portion of the bonds in the amount of \$9,180,000, as discussed below.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)**

At June 30, 2019, the Bonds consisted of the following:

	Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$5,750,000	\$259,342	(\$806,201)	\$5,203,141

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

For the Years Ending June 30,	Principal
2020	\$1,150,000
2021	1,150,000
2022	1,150,000
2023	1,150,000
2024	1,150,000
Total	\$5,750,000

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

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

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

On July 12, 2007 the Redevelopment Agency issued Series 2007B 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 2007B Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The 2007B Bonds mature annually through 2037, in amounts ranging from \$465,000 to \$2,020,000. The 2007B Bonds are secured by a pledge of subordinated housing and non-housing tax revenues.

At June 30, 2019, the 2007B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$18,930,000	\$733,827	(\$7,770,973)	\$11,892,854

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

For the Years Ending June 30,	Principal
2020	\$1,040,000
2021	1,415,000
2022	1,030,000
2023	1,085,000
2024	1,145,000
2025-2029	6,540,000
2020-2034	4,170,000
2035-2037	2,505,000
Total	\$18,930,000

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

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

In connection with the issuance of the Series 2007A Subordinate Tax Allocation Bonds, the Agency entered into a swap agreement for \$65,400,000, the entire amount of the 2007 A Bonds. With the issuance of the 2010A Bonds, the Agency amended and restated the swap agreement. The amended agreement requires the Agency to make and receive payments based on variable interest rates. The Agency will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.83% and the Agency will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty. With the issuance of the 2014 Successor Agency to the Richmond Redevelopment Agency Refunding Bonds, the Successor Agency amended the swap agreement to subordinate the termination payment provisions of the swap agreement to the debt service on the 2014 Bonds.

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$1,015,000	\$1,857,301	\$2,872,301
2021	1,270,000	1,754,094	3,024,094
2022	820,000	1,673,399	2,493,399
2023	880,000	1,605,966	2,485,966
2024	2,765,000	1,464,788	4,229,788
2025-2029	10,925,000	5,072,432	15,997,432
2020-2034	3,425,000	2,027,268	5,452,268
2035-2037	2,810,000	356,503	3,166,503
Total	\$23,910,000	\$15,811,751	\$39,721,751

Interest Rate Swap Agreement

The Agency entered into an interest swap agreement in connection with the 2010A Subordinate Tax Allocation Refunding Bonds. The transaction allows the Agency to create a synthetic variable rate on the Bonds. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2019 are included below. The swap agreement contains scheduled reductions to the outstanding notional amount.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2019	Termination Date
\$45,425,000	7/12/2007	Royal Bank of Canada	AA-/Aa2/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$3,410,900)	9/1/2036

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Based on the swap agreement, the Agency owes interest calculated at a variable rate to the counterparty of the swap, and in return, the counterparty owes the Agency interest based on a variable rate. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

Fair value. Fair value of the 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. The swap is classified as Level 2 of the fair value hierarchy, using a market approach that considers the observable swap rates commonly quoted for the full term of the swap. As of June 30, 2019, the fair value of the swap was not in favor of the counterparty.

The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the ineffective hedge as noted below:

	Changes in Fair Value		Fair value at June 30, 2019	
	Classification	Amount	Classification	Amount
Pay-Variable, Receive-Variable				
2010A Subordinate Tax Allocation Refunding Bonds	Investment revenue	\$622,100	Investment	(\$3,410,900)

Credit risk. As of June 30, 2019, the Agency 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 Agency would be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

Interest rate risk. The swap increases the Agency's exposure to variable interest rates. As the SIFMA Municipal Swap Index Rate increases or the LIBOR decreases, the Agency's net payment on the swap increases.

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

A portion of this basis risk is tax risk. The Agency is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt fixed 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 fixed rate bonds converge the Agency is exposed to this basis risk.

Termination risk. The Agency may terminate if the other party fails to perform under the terms of the contract. The Agency 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 Agency'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 Agency 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, 2019, debt service requirements of the Agency's outstanding fixed rate Bonds and net swap payments assuming current interest rates remain the same for their term, are as follows. As rates vary, fixed rate bond *interest* payments and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2020	\$1,015,000	\$1,377,846	\$479,455	\$2,872,301
2021	1,270,000	1,317,325	436,769	3,024,094
2022	820,000	1,260,644	412,755	2,493,399
2023	880,000	1,213,344	392,622	2,485,966
2024	2,765,000	1,109,100	355,688	4,229,788
2025-2029	10,925,000	3,761,714	1,310,718	15,997,432
2020-2034	3,425,000	1,418,066	609,202	5,452,268
2035-2037	2,810,000	267,662	88,841	3,166,503
Total	\$23,910,000	\$11,725,701	\$4,086,050	\$39,721,751

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B – Original Issue Amounts \$25,795,000 and \$1,655,000, respectively

The 2014 A & B Bonds were issued on March 27, 2014 by the Successor Agency to the Richmond Community Redevelopment Agency. The proceeds of the Bonds, together with other available funds, were used to refund and defease the outstanding balance of the current interest portion of the 1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A, and the outstanding balances of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2000 A & B and Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003A. Interest rates range from 1.40% to 5.00% and is payable semiannually on March 1 and September 1. The 2014A Bonds mature annually on each September 1 through 2025 while the 2014B Bonds mature annually on each September 1 through 2018. Both Bonds are secured by a pledge of Redevelopment Property Tax Trust Fund revenues. The outstanding balances of the defeased debt as of June 30, 2019 were as follows:

Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$5,165,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A & B	620,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	10,395,000
	\$16,180,000

At June 30, 2019, the 2014 A & B Bonds consisted of the following:

Bonds outstanding:	\$14,175,000
Unamortized premium	901,308
Net	\$15,076,308

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$1,775,000	\$659,375	\$2,434,375
2021	1,870,000	568,250	2,438,250
2022	1,960,000	472,500	2,432,500
2023	2,000,000	373,500	2,373,500
2024	2,095,000	271,125	2,366,125
2025-2026	4,475,000	218,875	4,693,875
Total	\$14,175,000	\$2,563,625	\$16,738,625

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)**

Loans Payable

The Richmond Joint Powers Financing Authority (Authority) has issued the Bonds listed below to assist in financing the Agency’s operations. The Authority has retained reserve amounts required under the respective Bond indentures and loaned the net proceeds of these Bond issues to the Agency. The Authority is responsible for paying principal and interest on the Bonds; the Agency is responsible for making payments to the Authority in the amounts shown below.

The outstanding balances of loans payable to the Authority at June 30, 2019 came from the Bond issues listed below:

JPFA Tax Allocation Revenue Bonds - 2003 Series B	\$7,485,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A & B	13,230,000
Total	\$20,715,000

Loan from the Authority dated August 1, 2003

In 2003, the Authority issued 2003 Tax Allocation Revenue Bonds Series A and Series B in the original amount of \$28,580,000. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements and to repay the City of Richmond \$18,000,000 in partial payment of prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain tax increment revenues derived from taxable property within the Post-2004 Limit Area pledged by the Agency for the purpose of loan repayment. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the refunding and defeasance of the outstanding balance of the 2003 Series A Bonds in the amount of \$12,910,000, as discussed above.

At issuance, the Bonds were insured by MBIA Insurance Corporation (which was reinsured by National Public Finance Guarantee Corporation (“NPFGC”)). On December 5, 2017, Kroll Bond Rating Agency downgraded its insurance financial strength rating for NPFGC from ‘AA+’ to ‘AA’ and subsequently withdrew the rating citing business reasons. On January 17, 2018, Moody’s Investors Service (“Moody’s”) downgraded its insurance financial strength rating on NPFGC from ‘A3’ to ‘Baa2’. As a result of the foregoing, Moody’s downgraded its Insured Rating on the Bonds from ‘A3’ to ‘Baa2’. On February 13, 2019, S&P Global Ratings (formerly Standard and Poor’s Ratings Services) upgraded its Local Currency Long-Term and Underlying Ratings on the Bonds from ‘A+’ to ‘AA-’.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

The annual debt service requirements on the 2003 Series B loan as of June 30, 2019 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$735,000	\$448,403	\$1,183,403
2021	785,000	400,523	1,185,523
2022	835,000	349,493	1,184,493
2023	885,000	295,313	1,180,313
2024	940,000	237,825	1,177,825
2025-2026	3,305,000	211,523	3,516,523
Total	\$7,485,000	\$1,943,080	\$9,428,080

Loan from the Authority dated October 1, 2004

In 2004, the Authority issued the 2004 Tax Allocation Revenue Bonds Series A and Series B in the original amounts of \$15,000,000 and \$2,000,000, respectively. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements, low/moderate income housing and to repay the City of Richmond \$6,367,031 in prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area pledged by the Agency for the purpose of loan repayment.

The annual debt service requirements for these loans as of June 30, 2019 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2020	\$3,105,000	\$620,564	\$3,725,564
2021	680,000	525,014	1,205,014
2022	720,000	488,784	1,208,784
2023	850,000	446,956	1,296,956
2024	805,000	402,857	1,207,857
2025-2027	7,070,000	817,951	7,887,951
Total	\$13,230,000	\$3,302,126	\$16,532,126

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)**

Pledge of Redevelopment Tax Increment Revenues

The Bond issues and loans payable to the Authority 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 \$107,100,582 remaining debt service on the Bonds and loans which is scheduled to occur in 2037.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2019 calculated by the County Auditor–Controller were \$35,324,647. The total received by the Successor Agency for fiscal year 2019 debt service and other enforceable obligations was \$10,714,237, which the Successor Agency used along with cash on-hand to pay debt service of \$11,801,636.

Notes Payable

SERAF Loan	\$10,304,750

SERAF Loan

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

For the Years Ending June 30,	Principal	Interest	Total
2020	\$338,728	\$206,095	\$544,823
2021	9,966,022		9,966,022
Total	\$10,304,750	\$206,095	\$10,510,845

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

**NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)**

Debt Without Agency or City Commitment

A special assessment district has been established in an area of the Agency to provide improvements to properties located in that district. Properties in the district 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 Agency 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 Agency funds to repay these debts in the event of default.

One District, Marina Westshore Community Facilities District No. 1998-1, had issued Community Facilities District No. 1998-1 Special Tax Bonds which had a remaining balance outstanding of \$2,360,000 at June 30, 2019.

Conduit Debt

The Agency has assisted private-sector entities by sponsoring their issuance of debt for purposes the Agency deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The Agency 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 Agency funds to repay these debts in the event of default by any of these issuers. At June 30, 2019, the balances of these issuers' outstanding debts were as follows:

Baycliff Apartment Project, 2004 Revenue Bonds	\$26,490,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	24,035,081

E. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 18 – SUBSEQUENT EVENTS

A. *Terminal One Land Sale*

The City is in contract with Terminal One Development, LCC, to sell an approximately 10-acre site for development purposes at a price of \$10 million. The developer has paid the City \$500,000 in a non-refundable deposit, with the balance of \$9.5 million due following the granting of all entitlements and close of escrow. Following City Council certification of the environmental impact report (EIR) for the project in July 2016, a lawsuit was filed that challenged certification of the EIR. A settlement was reached by all parties to this lawsuit in November 2016, which allows the project entitlement process to proceed. Close of escrow on the real estate sale by the City to Terminal One Development, LLC, including the transfer of the \$9.5 million balance due from the developer to the City, is anticipated by June 2020.

B. *Transfer of the Section 8 Program to Housing Authority of the County of Contra Costa*

As a result of the Recovery Agreement Action Plan, established and entered into with the U.S. Department of Housing and Urban Development (HUD) and Richmond Housing Authority (RHA), to analyze the following options:

- A. Transfer all operations to another well-managed public housing agency
 - I. Dispose Public Housing operations
 - II. Transfer Housing Choice Voucher (HCV) operations
- B. Separate from the City of Richmond
 - I. Dispose Public Housing operations
 - II. Maintain HCV operations
 - III. Separate and independent RHA Board of Commissioners
- C. Maintain RHA as a component of the City
 - I. Dispose its Public Housing operations
 - II. Maintain its HCV Operations
 - III. Board of Commissioners
 - a. Separate and independent
 - b. Maintain existing structure

In February 2019, after conducting research and receiving guidance from the local HUD Office, the Board of Commissioners authorized RHA to issue a “Letter of Intent” to transfer the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) Programs to the Housing Authority of the County of Contra Costa (HACCC) (a well-managed Housing Authority). The Board also directed RHA to formally ask HUD to transfer programs effective July 1, 2019. RHA intends to maintain all of its Public Housing units along with other properties owned or managed under HOPE VI and RAD programs. The request and associated documents from RHA and HACCC were forwarded to HUD for approval.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

NOTE 18 – SUBSEQUENT EVENTS (Continued)

HUD has issued policies and guidance that authorize one housing authority (PHA) to voluntarily transfer the total budget authority and corresponding baseline units for its Housing Choice Voucher (Voucher) and Project-based Voucher (PBV) Programs to another PHA, subject to approval by HUD. On April 16, 2019, RHA received notice of approval for the Voluntary Transfer of the HCV and PBV programs from RHA to the Housing Authority of the County of Contra Costa and the programs were transferred effective July 1, 2019.

C. *Joint Powers Financing Authority Lease Revenue Refunding Bonds, Series 2019A Original Issue \$63,970,000*

On July 10, 2019, the Richmond Joint Powers Financing Authority issued the 2019A Lease Revenue Refunding Bonds in the amount of \$63,970,000 Series 2019A. The proceeds from the Bonds were used to retire the 2009 Authority Lease Revenue Refunding Bonds (Civic Center). The bonds bear interest of 5.00%. Principal payment are due annually on November 1. Interest on the bonds is payable semi-annually each November 1 and May 1. The bonds mature on November 1, 2037.

D. *Joint Powers Financing Authority Point Potrero Lease Revenue Refunding Bonds, Series 2019B Original Issue \$20,580,000*

On August 13, 2019, the Richmond Joint Powers Financing Authority the issued 2019B point potrero Lease Revenue Refunding Bonds in the amount of \$20,580,000. The proceeds from the Bonds were used to defease on a current basis the Point Potrero Lease Revenue Bonds, Series 2009A. Interest rates on the bonds range from 4.00% to 5.00%. Principal payments are due annually on May 1, and interest on the bonds is payable semi-annually each November 1 and May 1. The bonds mature on May 1, 2024.

**City of Richmond
Required Supplementary Information**

BUDGETARY COMPARISON SCHEDULES

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ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$40,990,607	\$42,628,543	\$43,165,908	\$537,365
Sales tax	46,149,234	47,660,524	47,659,481	(1,043)
Utility user fees	46,256,091	46,213,222	45,905,937	(307,285)
Other taxes	11,919,210	14,312,607	14,020,347	(292,260)
Licenses, permits and fees	4,709,027	4,093,027	3,685,468	(407,559)
Fines, forfeitures and penalties	922,238	922,238	947,056	24,818
Use of money and property	72,200	232,411	276,021	43,610
Intergovernmental	488,487	947,014	672,361	(274,653)
Charges for services	6,996,960	7,376,424	7,712,400	335,976
Rent	840,610	890,610	985,141	94,531
Other	282,200	716,086	1,018,246	302,160
Total Revenues	159,626,864	165,992,706	166,048,366	55,660
EXPENDITURES:				
Current				
General government	25,662,503	28,486,397	27,034,194	1,452,203
Public safety	98,289,043	97,711,223	97,550,128	161,095
Public works	25,079,946	25,731,955	24,991,463	740,492
Cultural and recreational	12,105,751	12,044,205	11,673,222	370,983
Capital outlay	263,000	226,580	189,690	36,890
Debt Service:				
Principal	1,091,973	1,296,667	1,272,667	24,000
Interest and fiscal charges	331,593	231,551	229,724	1,827
Total Expenditures	162,823,809	165,728,578	162,941,088	2,787,490
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,196,945)	264,128	3,107,278	2,843,150
OTHER FINANCING SOURCES (USES)				
Bond premium				
Proceeds from sale of property	55,000	55,000	71,779	16,779
Transfers in	8,381,513	8,061,315	7,825,500	(235,815)
Transfers (out)	(5,238,931)	(7,898,704)	(9,866,926)	(1,968,222)
Total other financing sources (uses)	3,197,582	217,611	(1,969,647)	(2,187,258)
NET CHANGE IN FUND BALANCE	637	481,739	1,137,631	655,892
Fund balance, July 1	35,630,923	35,630,923	35,630,923	
Fund balance, June 30	\$35,631,560	\$36,112,662	\$36,768,554	\$655,892

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND
COMMUNITY DEVELOPMENT AND LOAN PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits and fees	\$276,260	\$1,700,000	\$1,603,581	(\$96,419)
Use of money and property	143,375	146,375	369,863	223,488
Intergovernmental	2,825,428	3,225,428	1,149,951	(2,075,477)
Other	1,215,482	1,215,482	1,383,918	168,436
Total Revenues	4,460,545	6,287,285	4,507,313	(1,779,972)
EXPENDITURES				
Current:				
Community development	1,599,005	2,149,543	532,670	1,616,873
Housing and redevelopment	2,088,195	2,091,195	1,389,800	701,395
Capital outlay	2,215,279	3,967,267	1,668,132	2,299,135
Total Expenditures	5,902,479	8,208,005	3,590,602	4,617,403
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,441,934)	(1,920,720)	916,711	2,837,431
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	55,000	55,000		(55,000)
Transfers in			1,818,221	1,818,221
Total other financing sources (uses)	55,000	55,000	1,818,221	1,763,221
NET CHANGE IN FUND BALANCE	(1,386,934)	(1,865,720)	2,734,932	4,600,652
Fund balance, July 1	25,064,193	25,064,193	25,064,193	
Fund balance, June 30	<u>\$23,677,259</u>	<u>\$23,198,473</u>	<u>\$27,799,125</u>	<u>\$4,600,652</u>

**City of Richmond
Required Supplementary Information**

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 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 (State Gas Tax, General Purpose, Paratransit Operations, Public Safety, Lighting and Landscaping Districts, Developer Impact Fees, Community Development and Loan Programs, Richmond Neighborhood Stabilization Corporation, Rent Control, Cost Recovery and Environmental Community Investment Agreement) and the debt service funds (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 on a project length basis and are therefore not comparable on an annual basis.

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

City of Richmond
Required Supplementary Information

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Total Pension Liability					
Service Cost	\$ 7,816,868	\$ 7,446,410	\$ 7,200,571	\$ 8,053,459	\$ 7,637,812
Interest	30,597,498	31,414,256	32,305,003	32,804,753	33,323,855
Differences between expected and actual experience		(5,280,549)	(3,484,064)	(4,464,966)	(4,642,948)
Changes in assumptions		(7,116,200)		25,548,824	(3,224,832)
Changes in benefits					
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,302,793)	(23,917,069)	(25,074,448)	(25,970,450)
Net change in total pension liability	15,406,827	3,161,124	12,104,441	36,867,622	7,123,437
Total pension liability - beginning	415,561,984	430,968,811	434,129,935	446,234,376	483,101,998
Total pension liability - ending (a)	\$ 430,968,811	\$ 434,129,935	\$ 446,234,376	\$ 483,101,998	\$ 490,225,435
Plan fiduciary net position					
Contributions - employer	\$ 6,661,038	\$ 7,189,716	\$ 8,093,834	\$ 8,860,295	\$ 10,489,795
Contributions - employee	3,195,699	3,141,565	3,087,656	2,996,354	2,894,841
Net investment income	51,867,728	7,502,958	1,630,388	35,805,938	28,880,923
Plan to plan resource movement		(6,885)	(4,762)	(50,018)	(842)
Administrative expense		(379,925)	(205,714)	(481,651)	(542,721)
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,302,793)	(23,917,069)	(25,074,448)	(25,970,450)
Other Miscellaneous Income/(Expense)					(1,030,636)
Net change in plan fiduciary net position	38,716,926	(5,855,364)	(11,315,667)	22,056,470	14,720,910
Plan fiduciary net position - beginning	304,680,611	343,397,537	337,542,173	326,226,506	348,282,976
Plan fiduciary net position - ending (b)	\$ 343,397,537	\$ 337,542,173	\$ 326,226,506	\$ 348,282,976	\$ 363,003,886
Net pension liability - ending (a)-(b)	\$ 87,571,274	\$ 96,587,762	\$ 120,007,870	\$ 134,819,022	\$ 127,221,549
Plan fiduciary net position as a percentage of the total pension liability	79.68%	77.75%	73.11%	72.09%	74.05%
Covered payroll	\$ 37,210,225	\$ 36,151,102	\$ 36,638,889	\$35,964,798	\$35,725,311
Net pension liability as percentage of covered payroll	235.34%	267.18%	327.54%	374.86%	356.11%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan administrative net of pension plan investment expenses. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for June 30, 2014 measurement date were the same as those used for June 2015 and 2014 measurement dates.

* - Fiscal year 2015 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 7,178,549	\$ 8,084,584	\$ 8,867,763	\$ 10,436,250	\$ 12,150,650
Contributions in relation to the actuarially determined contributions	(7,178,549)	(8,084,584)	(8,867,763)	(10,436,250)	(12,150,650)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$36,151,102</u>	<u>\$36,638,889</u>	<u>\$35,964,798</u>	<u>\$35,725,311</u>	<u>\$36,295,759</u>
Contributions as a percentage of covered payroll	19.86%	22.07%	24.66%	29.21%	33.48%

Notes to Schedule

Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	For details, see June 30 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report
Inflation	2.75%
Payroll Growth	3.00%
Salary increases	Varies by Entry Age and Service
	7.50% for 2015 to 2018 and 7.375% for 2019, Net of Pension Plan Investment and Administrative Expenses; including Inflation
Investment rate of return	
Retirement age	The probability of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Mortality Rate Table	

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

Safety Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Total Pension Liability					
Service Cost	\$ 10,167,167	\$ 10,142,245	\$ 10,297,536	\$ 11,650,927	\$ 11,391,456
Interest	38,254,517	40,142,006	41,950,593	43,264,626	44,562,419
Differences between expected and actual experience		3,799,388	2,950,295	797,969	413,272
Changes in assumptions		(9,563,090)		35,109,898	(2,676,340)
Changes in benefits					
Benefit payments, including refunds of employee contributions	(27,199,743)	(28,747,508)	(30,593,589)	(33,620,000)	(35,123,568)
Net change in total pension liability	21,221,941	15,773,041	24,604,835	57,203,420	18,567,239
Total pension liability - beginning	518,576,503	539,798,444	555,571,485	580,176,320	637,379,740
Total pension liability - ending (a)	\$ 539,798,444	\$ 555,571,485	\$ 580,176,320	\$ 637,379,740	\$ 655,946,979
Plan fiduciary net position					
Contributions - employer	\$ 9,352,438	\$ 10,652,641	\$ 11,488,714	\$ 12,699,049	\$ 14,016,085
Contributions - employee	3,348,408	3,797,568	4,607,993	4,471,008	4,226,345
Net investment income	64,842,562	9,408,186	2,062,417	45,166,243	36,380,672
Plan to plan resource movement		3,476	4,762	50,018	(1,062)
Administrative expense		(477,249)	(258,432)	(607,337)	(684,883)
Benefit payments, including refunds of employee contributions	(27,199,743)	(28,747,508)	(30,593,589)	(33,620,000)	(35,123,568)
Other Miscellaneous Income/(Expense) (1)					(1,300,605)
Net change in plan fiduciary net position	50,343,665	(5,362,886)	(12,688,135)	28,158,981	17,512,984
Plan fiduciary net position - beginning	379,062,015	429,405,680	424,042,794	411,354,659	439,513,640
Plan fiduciary net position - ending (b)	\$ 429,405,680	\$ 424,042,794	\$ 411,354,659	\$ 439,513,640	\$ 457,026,624
Net pension liability - ending (a)-(b)	\$ 110,392,764	\$ 131,528,691	\$ 168,821,661	\$ 197,866,100	\$ 198,920,355
Plan fiduciary net position as a percentage of the total pension liability	79.55%	76.33%	70.90%	68.96%	69.67%
Covered payroll	\$ 35,479,947	\$ 36,151,966	\$ 37,352,212	\$ 37,273,957	\$ 34,439,607
Net pension liability as percentage of covered payroll	311.14%	363.82%	451.97%	530.84%	577.59%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in Assumptions: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan administrative net of pension plan investment expenses. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense. In 2014, amounts reported were based on the 7.5 percent discount rate. All other assumptions for June 30, 2014 measurement date were the same as those used for June 2015 and 2014 measurement dates.

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

Safety Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 10,650,057	\$ 11,492,798	\$ 12,696,582	\$ 14,013,858	\$ 16,363,802
Contributions in relation to the actuarially determined contributions	(10,650,057)	(11,492,798)	(12,696,582)	(14,013,858)	(16,363,802)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 36,151,966</u>	<u>\$ 37,352,212</u>	<u>\$ 37,273,957</u>	<u>\$ 34,439,607</u>	<u>\$ 35,870,534</u>
Contributions as a percentage of covered payroll	29.46%	30.77%	34.06%	40.69%	45.62%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age normal				
Amortization method	For details, see June 30 Funding Valuation Report				
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report				
Inflation	2.75%				
Payroll Growth	3.00%				
Salary increases	Varies by Entry Age and Service				
Investment rate of return	7.50% for 2015 to 2018 and 7.375% for 2019, Net of Pension Plan Investment and Administrative Expenses; includes Inflation				
Retirement age	The probability of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.				
Mortality Rate Table					

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years ***

<i>General Pension Plan</i>	Measurement Period Ended June 30					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost						
Interest	\$ 147,247	\$ 128,954	\$ 107,632	\$ 92,742	\$ 80,100	\$ 70,585
Differences between expected and actual experience		345,786		40,459		150,123
Changes of assumptions		322,312			(20,669)	102,792
Changes of benefit terms						
Benefit payments, including member contribution refunds	(592,105)	(672,546)	(623,662)	(584,272)	(524,939)	(494,605)
Net change in Total Pension Liability	(444,858)	124,506	(516,030)	(451,071)	(465,508)	(171,105)
Total Pension Liability at beginning of year	4,219,909	3,775,051	3,899,557	3,383,527	2,932,456	2,466,948
Total pension liability at end of year	\$ 3,775,051	\$ 3,899,557	\$ 3,383,527	\$ 2,932,456	\$ 2,466,948	\$ 2,295,843
Fiduciary Net Position						
Contributions - employer	\$ 602,970	\$ 602,970	\$ 602,970	\$ 73,592	\$ 814,594	\$ 812,561
Contributions - donations and other income						
Contributions - member						
Net investment income	(837)	2,017	2,255	3,351	2,207	8,124
Other additions						
Benefit payments, including member contribution refunds	(592,105)	(672,546)	(623,662)	(584,272)	(524,939)	(494,605)
Administrative expenses						
Other deductibles						
Net change in Fiduciary Net Position	10,028	(67,559)	(18,437)	(507,329)	291,862	326,080
Fiduciary Net Position at beginning of year	1,033,168	1,043,196	975,637	957,200	449,871	741,733
Fiduciary net position at end of year	\$ 1,043,196	\$ 975,637	\$ 957,200	\$ 449,871	\$ 741,733	\$ 1,067,813
Net pension liability (asset) at end of year	\$ 2,731,855	\$ 2,923,920	\$ 2,426,327	\$ 2,482,585	\$ 1,725,215	\$ 1,228,030
Fiduciary net position as percentage of total pension liability	27.6%	25.0%	28.3%	15.3%	30.1%	46.5%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

ITEM F-5
ATTACHMENT 1

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

Police and Firemen's Pension Plan

	Measurement Period Ended June 30					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost						
Interest	\$ 1,579,762	\$ 1,464,746	\$ 1,214,089	\$ 1,111,386	\$ 1,031,753	\$ 952,312
Differences between expected and actual experience		(323,462)		261,891		(3,103,425)
Changes of assumptions		1,380,854				1,037,914
Changes of benefit terms						
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)	(3,140,552)	(2,859,902)	(2,656,508)	(2,170,136)
Net change in Total Pension Liability	(1,857,125)	(552,283)	(1,926,463)	(1,486,625)	(1,624,755)	(3,283,335)
Total Pension Liability at beginning of year	25,094,272	23,237,147	22,684,864	20,758,401	19,271,776	17,647,021
Total pension liability at end of year	\$ 23,237,147	\$ 22,684,864	\$ 20,758,401	\$ 19,271,776	\$ 17,647,021	\$ 14,363,686
Fiduciary Net Position						
Contributions - employer	\$ 740,235	\$ 740,235	\$ 1,222,197	\$ 1,270,466	\$ 1,270,466	\$ 1,270,466
Contributions - donations and other income						
Contributions - member						
Net investment income	2,968,492	369,240	(165,490)	1,340,997	589,027	645,593
Other additions						
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)	(3,140,552)	(2,859,902)	(2,656,508)	(2,170,136)
Administrative expenses						
Other deductions	(3,424,568)					
Net change in Fiduciary Net Position	(3,152,728)	(1,964,946)	(2,083,845)	(248,439)	(797,015)	(254,077)
Fiduciary Net Position at beginning of year	19,834,552	16,681,824	14,716,878	12,633,033	12,384,594	11,587,579
Fiduciary net position at end of year	\$ 16,681,824	\$ 14,716,878	\$ 12,633,033	\$ 12,384,594	\$ 11,587,579	\$ 11,333,502
Net pension liability (asset) at end of year	\$ 6,555,323	\$ 7,967,986	\$ 8,125,368	\$ 6,887,182	\$ 6,059,442	\$ 3,030,184
Fiduciary net position as percentage of total pension liability	71.8%	64.9%	60.9%	64.3%	65.7%	78.9%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

Garfield Pension Plan

	Measurement Period Ended June 30					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service Cost						
Interest	\$ 30,759	\$ 28,597	\$ 21,615	\$ 19,517	\$ 19,334	\$ 17,334
Differences between expected and actual experience		(45,458)		67,810		(220,079)
Changes of assumptions		64,544				(1,426)
Changes of benefit terms						
Benefit payments, including member contribution refunds	(87,140)	(88,883)	(90,660)	(92,474)	(94,323)	(77,703)
Net change in Total Pension Liability	(56,381)	(41,200)	(69,045)	(5,147)	(74,989)	(281,874)
Total Pension Liability at beginning of year	863,415	807,034	765,834	696,789	691,642	616,653
Total pension liability at end of year	\$ 807,034	\$ 765,834	\$ 696,789	\$ 691,642	\$ 616,653	\$ 334,779
Fiduciary Net Position						
Contributions - employer	\$ 102,140	\$ 102,140	\$ 102,140	\$ 102,140	\$ 102,140	\$ 102,140
Contributions - donations and other income						
Contributions - member						
Net investment income	227	577	933	1,517	2,627	7,024
Other additions						
Benefit payments, including member contribution refunds	(87,141)	(88,883)	(90,660)	(92,474)	(94,323)	(77,703)
Administrative expenses						
Other deductions						
Net change in Fiduciary Net Position	15,226	13,834	12,413	11,183	10,444	31,461
Fiduciary Net Position at beginning of year	244,661	259,887	273,721	286,134	297,317	307,761
Fiduciary net position at end of year	\$ 259,887	\$ 273,721	\$ 286,134	\$ 297,317	\$ 307,761	\$ 339,222
Net pension liability (asset) at end of year	\$ 547,147	\$ 492,113	\$ 410,655	\$ 394,325	\$ 308,892	\$ (4,443)
Fiduciary net position as percentage of total pension liability	32.2%	35.7%	41.1%	43.0%	49.9%	101.3%
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Fiscal Year	(1) Actuarially Determined Contribution (ADC)	(2) Employer Contributions	(3) Contribution Deficiency (Excess) (1)-(2)	(4) Covered- Employee Payroll	(5) ADC / Covered- Employee Payroll (1)/(4)
Police and Firemen's Plan					
June 30, 2010	\$ 2,477,902	\$ 4,600,000	\$ (2,122,098)	n/a	n/a
June 30, 2011	2,257,912	-	2,257,912	n/a	n/a
June 30, 2012	1,596,771	-	1,596,771	n/a	n/a
June 30, 2013	1,813,721	1,596,771	216,950	n/a	n/a
June 30, 2014	740,235	740,234	1	n/a	n/a
June 30, 2015	740,235	740,235	-	n/a	n/a
June 30, 2016	1,270,466	1,222,197	48,269	n/a	n/a
June 30, 2017	1,270,466	1,270,466	-	n/a	n/a
June 30, 2018	1,389,612	1,270,466	119,146	n/a	n/a
June 30, 2019	1,389,612	1,270,466	119,146	n/a	n/a
General Pension Plan					
June 30, 2010	\$ 486,092	\$ 486,092	\$ -	n/a	n/a
June 30, 2011	486,092	486,092	-	n/a	n/a
June 30, 2012	455,662	148,186	307,476	n/a	n/a
June 30, 2013	502,278	660,992	(158,714)	n/a	n/a
June 30, 2014	602,970	602,970	-	n/a	n/a
June 30, 2015	602,970	602,970	-	n/a	n/a
June 30, 2016	750,016	602,970	147,046	n/a	n/a
June 30, 2017	750,016	73,592	676,424	n/a	n/a
June 30, 2018	947,219	814,594	132,625	n/a	n/a
June 30, 2019	947,219	812,561	134,658	n/a	n/a
Garfield Pension Plan					
June 30, 2010	\$ 76,692	\$ 76,692	\$ -	n/a	n/a
June 30, 2011	76,692	76,692	-	n/a	n/a
June 30, 2012	78,731	-	78,731	n/a	n/a
June 30, 2013	92,092	77,000	15,092	n/a	n/a
June 30, 2014	102,140	102,140	-	n/a	n/a
June 30, 2015	102,140	102,140	-	n/a	n/a
June 30, 2016	78,987	102,140	(23,153)	n/a	n/a
June 30, 2017	78,987	102,140	(23,153)	n/a	n/a
June 30, 2018	86,103	102,140	(16,037)	n/a	n/a
June 30, 2019	86,103	102,140	(16,037)	n/a	n/a

City of Richmond
Required Supplementary Information

SCHEDULE OF CONTRIBUTIONS (Continued)

Notes to Schedule:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Actuarially determined contribution rates are calculated as of the end of the fiscal year in which contributions are reported.			
From the July 1, 2019 Actuarial Valuation			
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age normal cost	Entry age normal cost	Entry age normal cost
Amortization method	Investment Gains & Losses: Straight-line amortization over a closed 5-year period.		
	Effects of Assumptions Changes and Experience Gains and Losses:		
	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members that are provided with pensions through the pension plan.		
	Since the plan no longer has active members, the effects of assumption changes and experience gains and losses are recognized immediately.		
Remaining amortization period	5 years	1 years	(A)
Asset valuation method	Market value of assets	Market value of assets	Market value of assets
Inflation (short-term)	2.25%	2.25%	2.25%
Salary increases used to estimate future increases to pensions	N/A	N/A	N/A
Discount rate, net of investment expenses	4.50%	2.77%	2.50%
Retirement age	Closed to new members	Closed to new members	Closed to new members
Mortality	California PERS Mortality Table in its 2017 experience study (based on CalPERS 1997 - 2015 experience)		

(A) There is no amortization of unfunded liability if the plan is more than 100% funded.

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years *

Annual money-weighted rate of return, net of investment expense	2014	2015	2016	2017	2018	2019
Police and Fireman's Plan	3.90%	2.40%	-1.20%	11.80%	4.90%	5.51%
General Pension Plan	0.10%	0.30%	0.30%	0.50%	1.00%	0.64%
Garfield Pension Plan	0.40%	0.30%	0.40%	0.60%	1.00%	1.93%

* Fiscal year 2014 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

ITEM F-5
ATTACHMENT 1

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES
OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

For the Measurement Period Ended June 30	2017	2018	2019
Total OPEB Liability			
Service Cost	\$7,558,987	\$6,730,397	\$3,452,679
Interest	7,064,307	7,927,217	7,625,498
Changes in benefit terms			(19,910,800)
Differences between expected and actual experience		(2,816,969)	
Changes of assumptions	(15,340,529)	8,715,168	(1,409,953)
Benefit payments	(6,497,645)	(6,861,529)	(7,247,073)
Net change in total OPEB liability	<u>(7,214,880)</u>	<u>13,694,284</u>	<u>(17,489,649)</u>
Total OPEB liability - beginning	<u>198,687,162</u>	<u>191,472,282</u>	<u>205,166,566</u>
Total OPEB liability - ending (a)	<u><u>\$191,472,282</u></u>	<u><u>\$205,166,566</u></u>	<u><u>\$187,676,917</u></u>
Plan fiduciary net position			
Contributions - employer	\$13,218,475	\$13,599,120	\$6,714,785
Contributions - employee	278,850	765,475	532,288
Net investment income	227,394	632,089	1,170,454
Administrative expense	(11,250)	(49,169)	(81,950)
Benefit payments	(6,497,645)	(6,861,529)	(7,247,073)
Plan to Plan Transfer (2)			(1,879,640)
Net change in plan fiduciary net position	<u>7,215,824</u>	<u>8,085,986</u>	<u>(791,136)</u>
Plan fiduciary net position - beginning	<u>2,121,069</u>	<u>9,336,893</u>	<u>17,422,879</u>
Plan fiduciary net position - ending (b)	<u><u>\$9,336,893</u></u>	<u><u>\$17,422,879</u></u>	<u><u>\$16,631,743</u></u>
 Net OPEB liability - ending (a)-(b)	 <u><u>\$182,135,389</u></u>	 <u><u>\$187,743,687</u></u>	 <u><u>\$171,045,174</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 4.88%	 8.49%	 8.86%
 Covered-employee payroll	 <u><u>\$66,774,795</u></u>	 <u><u>\$65,359,713</u></u>	 <u><u>\$49,511,523</u></u>
 Net OPEB liability as a percentage of covered-employee payroll	 <u><u>272.76%</u></u>	 <u><u>287.25%</u></u>	 <u><u>345.47%</u></u>

(1) Fiscal year 2017 was the first year of implementation.

(2) Transferred to the RPOA Plan established in fiscal year 2019.

**City of Richmond
Required Supplementary Information**

**OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES
OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS**

Last 10 Fiscal Years (1)

Fiscal Year Ended June 30,	2017	2018	2019
Contractually Required Contributions (CRC) (2)	\$6,497,645	\$6,861,529	\$7,247,073
Contributions in relation to the CRC	(6,497,645)	(6,861,529)	(7,247,073)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

(1) Fiscal year 2017 was the first year of implementation.

(2) The City does not calculate an Actuarially Determined Contribution, but the City's agreements with its bargaining units provide for various benefit levels as discussed in Note 12 to the financial statements. Contributions reported include the implicit subsidy.

**SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years Ended June 30 ⁽¹⁾**

For the Fiscal Year Ended June 30	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	10.75%	6.30%	6.74%

Notes:

(1) Fiscal year 2017 was the first year of implementation

City of Richmond
Required Supplementary Information

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OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES
RPOA OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years (1)

For the Measurement Period Ended June 30	2019
Total OPEB Liability	
Service Cost	\$1,939,517
Interest	764,597
Changes in benefit terms	21,995,467
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments	(82,673)
Net change in total OPEB liability	24,616,908
Total OPEB liability - beginning	0
Total OPEB liability - ending (a)	\$24,616,908
 Plan fiduciary net position	
Contributions - employer	
Contributions - employee	\$82,673
Net investment income	
Plan to Plan transfer (2)	1,879,640
Benefit payments	(82,673)
Net change in plan fiduciary net position	1,879,640
Plan fiduciary net position - beginning	0
Plan fiduciary net position - ending (b)	\$1,879,640
 Net OPEB liability - ending (a)-(b)	 \$22,737,268
 Plan fiduciary net position as a percentage of the total OPEB liability	 7.64%
 Covered-employee payroll	 \$17,404,407
 Net OPEB liability as a percentage of covered-employee payroll	 130.64%

(1) Fiscal year 2019 was the first year of the plan.

(2) Transferred from the OPEB Plan.

City of Richmond
Required Supplementary Information

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES
RPOA OPEB PLAN, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF PLAN CONTRIBUTIONS

Last 10 Fiscal Years (1)

Fiscal Year Ended June 30,	2019
Contractually Required Contributions (CRC) (2)	\$82,673
Contributions in relation to the CRC	(82,673)
Contribution Deficiency (Excess)	<u>\$0</u>

- (1) Fiscal year 2019 was the first year of the plan.
- (2) The City does not calculate an Actuarially Determined Contribution, but the City's agreements with its bargaining units provide for various benefit levels as discussed in Note 12 to the financial statements. Contributions reported include the implicit subsidy.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling and testing.

General Purpose Fund accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

Paratransit Operations Fund accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

Employment & Training Fund is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

Public Safety Fund records the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants and various other grants.

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

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

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

Richmond Neighborhood Stabilization Corporation Fund - The Richmond Neighborhood Stabilization Corporation Special Revenue Fund accounts for the activities of the Corporation.

Rent Control Fund is used to account for fees paid by landlords to fund the operation of Richmond's Fair Rent, Just Cause for Eviction, and Homeowner Protection programs.

Cost Recovery Fund is used to record the receipt and use of monies for services provided to the public and developers.

Environmental and Community Investment Agreement (ECIA) Fund accounts for funding received from Chevron in conjunction with the Chevron Modernization Project Environmental and Community Investment Agreement to fund various projects and programs within the City of Richmond.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 Civic Center Project Lease Revenue Bonds.

CAPITAL PROJECTS FUNDS

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

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

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

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>State Gas Tax</u>	<u>General Purpose</u>	<u>Paratransit Operations</u>	<u>Employment and Training</u>
ASSETS				
Cash and investments		\$1,052,727		\$1,443,040
Restricted cash and investments				5,428
Receivables:				
Accounts, net	\$220,778	395,565	\$1,911	46,073
Interest	2,155	3,241		
Grants		671,973		644,222
Loans				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$222,933</u>	<u>\$2,123,506</u>	<u>\$1,911</u>	<u>\$2,138,763</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$626,066	\$300,567	\$2,084	\$122,925
Refundable deposits				
Due to other funds	139,657		2,622,992	
Unearned revenue		493,599		60,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>765,723</u>	<u>794,166</u>	<u>2,625,076</u>	<u>182,925</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		671,973		103,798
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Restricted		657,367		1,852,040
Assigned				
Unassigned	(542,790)		(2,623,165)	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u>(542,790)</u>	<u>657,367</u>	<u>(2,623,165)</u>	<u>1,852,040</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$222,933</u>	<u>\$2,123,506</u>	<u>\$1,911</u>	<u>\$2,138,763</u>

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SPECIAL REVENUE FUNDS						
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	Rent Control	Cost Recovery
\$328,995	\$1,393,177	\$7,741,506		\$51,494 124,772	\$125,341	\$3,377,037
	1,496				100	727,265
883	3,448	18,625		120	200	11,754
28,180						251,052
				779,013		
<u>\$358,058</u>	<u>\$1,398,121</u>	<u>\$7,760,131</u>		<u>\$955,399</u>	<u>\$125,641</u>	<u>\$4,367,108</u>
\$17,338	\$16,093	\$34,953			\$69,941	\$1,975,151 886,067
					364	20,093
<u>17,338</u>	<u>16,093</u>	<u>34,953</u>			<u>70,305</u>	<u>2,881,311</u>
	7,479			\$779,013		266,043
340,720	1,374,549	7,725,178		176,386	55,336	1,219,754
<u>340,720</u>	<u>1,374,549</u>	<u>7,725,178</u>		<u>176,386</u>	<u>55,336</u>	<u>1,219,754</u>
<u>\$358,058</u>	<u>\$1,398,121</u>	<u>\$7,760,131</u>		<u>\$955,399</u>	<u>\$125,641</u>	<u>\$4,367,108</u>

(Continued)

ITEM F-5
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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		
	Environmental and Community Investment Agreement	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
ASSETS				
Cash and investments	\$15,618,994	\$4,000	\$5,212	
Restricted cash and investments		10,401,550	80	\$1,106,698
Receivables:				
Accounts, net				
Interest	33,010		12	
Grants				
Loans				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$15,652,004</u></u>	<u><u>\$10,405,550</u></u>	<u><u>\$5,304</u></u>	<u><u>\$1,106,698</u></u>
LIABILITIES				
Accounts payable and accrued liabilities	\$448,445			
Refundable deposits				
Due to other funds				\$561,263
Unearned revenue				<u>2,783,235</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u><u>448,445</u></u>	<u> </u>	<u> </u>	<u><u>3,344,498</u></u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Restricted	15,203,559	\$10,405,550	\$5,304	
Assigned				
Unassigned				<u>(2,237,800)</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficits)	<u><u>15,203,559</u></u>	<u><u>10,405,550</u></u>	<u><u>5,304</u></u>	<u><u>(2,237,800)</u></u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$15,652,004</u></u>	<u><u>\$10,405,550</u></u>	<u><u>\$5,304</u></u>	<u><u>\$1,106,698</u></u>

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<u>CAPITAL PROJECTS FUNDS</u>			
<u>General Capital Improvement</u>	<u>Measure C / J</u>	<u>Harbor Navigation</u>	<u>Total Nonmajor Governmental Funds</u>
\$3,482,066	\$910,092	\$44,497	\$35,578,178
88,205			11,726,733
65,000	1,805,415		3,263,603
	2,739	105	76,292
	27,725		1,623,152
			<u>779,013</u>
<u>\$3,635,271</u>	<u>\$2,745,971</u>	<u>\$44,602</u>	<u>\$53,046,971</u>
\$8,778	\$294,215		\$3,916,556
			886,067
			3,323,912
			<u>3,357,291</u>
<u>8,778</u>	<u>294,215</u>		<u>11,483,826</u>
	<u>27,725</u>		<u>1,856,031</u>
3,626,493	2,424,031		45,066,267
		\$44,602	44,602
			<u>(5,403,755)</u>
<u>3,626,493</u>	<u>2,424,031</u>	<u>44,602</u>	<u>39,707,114</u>
<u>\$3,635,271</u>	<u>\$2,745,971</u>	<u>\$44,602</u>	<u>\$53,046,971</u>

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS COMBINING
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>State Gas Tax</u>	<u>General Purpose</u>	<u>Paratransit Operations</u>	<u>Employment and Training</u>
REVENUES				
Property taxes				
Licenses, permits and fees		\$102,749	\$463	
Fines, forfeitures and penalties		17,199		
Use of money and property	\$8,980	19,440		
Intergovernmental	4,273,104	1,893,929	1,046,882	\$2,967,108
Private grants				
Charges for services			16,545	
Pension stabilization revenue				
Other		2,260	689	118,145
Rent				3,600
Total Revenues	<u>4,282,084</u>	<u>2,035,577</u>	<u>1,064,579</u>	<u>3,088,853</u>
EXPENDITURES				
Current:				
General government		479,845	778,995	
Public safety		473,224		
Public works	5,143,054	761,484		
Community development				4,294,178
Cultural and recreational		313,013		
Housing and redevelopment				
Capital outlay		39,528		
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>5,143,054</u>	<u>2,067,094</u>	<u>778,995</u>	<u>4,294,178</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(860,970)</u>	<u>(31,517)</u>	<u>285,584</u>	<u>(1,205,325)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		16,275		1,038,102
Transfers (out)		(11,817)		
Total Other Financing Sources (Uses)		<u>4,458</u>		<u>1,038,102</u>
NET CHANGE IN FUND BALANCES	(860,970)	(27,059)	285,584	(167,223)
BEGINNING FUND BALANCES (DEFICITS)	<u>318,180</u>	<u>684,426</u>	<u>(2,908,749)</u>	<u>2,019,263</u>
ENDING FUND BALANCES (DEFICITS)	<u>(\$542,790)</u>	<u>\$657,367</u>	<u>(\$2,623,165)</u>	<u>\$1,852,040</u>

ITEM F-5
ATTACHMENT 1

SPECIAL REVENUE FUNDS						
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	Rent Control	Cost Recovery
	\$1,572,228	\$3,121,886	\$10,587,345		\$2,189,703	\$8,161,880
\$5,711 266,106	18,351	116,401		\$803	367	70,848 2,387,620
						2,967,762
64,171					133	44,151
335,988	1,590,579	3,238,287	10,587,345	803	2,190,203	13,632,261
320,229	1,963,393	53,492 318,196	6,772 1,270,466			8,118,233 2,405,567
		33,567			\$2,047,188	
	11,251	254,361				2,131,350
	71,140 1,601					
320,229	2,047,385	659,616	1,277,238		2,047,188	12,655,150
15,759	(456,806)	2,578,671	9,310,107	803	143,015	977,111
	608,503	11,736	(9,310,107)			3,333,033
	608,503	11,736	(9,310,107)			3,333,033
15,759	151,697	2,590,407		803	143,015	4,310,144
324,961	1,222,852	5,134,771		175,583	(87,679)	(3,090,390)
\$340,720	\$1,374,549	\$7,725,178		\$176,386	\$55,336	\$1,219,754

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS COMBINING
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		
	Environmental and Community Investment Agreement	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
REVENUES				
Property taxes		\$11,490,551		
Licenses, permits and fees				
Fines, forfeitures and penalties				
Use of money and property	\$222,921	146,678	\$3,606	\$17,809
Intergovernmental				
Private grants	9,000,000			
Charges for services				5,929,026
Pension stabilization revenue				
Other	29,613			
Rent				
	<u>9,252,534</u>	<u>11,637,229</u>	<u>3,606</u>	<u>5,946,835</u>
Total Revenues				
EXPENDITURES				
Current:				
General government	6,036,290			
Public safety	157,035			
Public works	219,594			
Community development	300,000			
Cultural and recreational	496,283			
Housing and redevelopment				
Capital outlay	682,111			
Debt Service:				
Principal		7,720,000	1,375,000	2,080,000
Interest and fiscal charges		3,363,378	444,682	5,987,502
	<u>7,891,313</u>	<u>11,083,378</u>	<u>1,819,682</u>	<u>8,067,502</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,361,221</u>	<u>553,851</u>	<u>(1,816,076)</u>	<u>(2,120,667)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		7,268	1,821,467	2,735,743
Transfers (out)	<u>(499,963)</u>			
	<u>(499,963)</u>	<u>7,268</u>	<u>1,821,467</u>	<u>2,735,743</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	861,258	561,119	5,391	615,076
BEGINNING FUND BALANCES (DEFICITS)	<u>14,342,301</u>	<u>9,844,431</u>	<u>(87)</u>	<u>(2,852,876)</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$15,203,559</u>	<u>\$10,405,550</u>	<u>\$5,304</u>	<u>(\$2,237,800)</u>

ITEM F-5
ATTACHMENT 1

CAPITAL PROJECTS FUNDS			
General Capital Improvement	Measure C / J	Harbor Navigation	Total Nonmajor Governmental Funds
			\$23,650,124
			13,576,681
			17,199
\$1,831	\$22,596	\$696	657,038
1,007,510	2,027,405		15,869,664
			9,000,000
			8,913,333
338,621			597,783
			3,600
<u>1,347,962</u>	<u>2,050,001</u>	<u>696</u>	<u>72,285,422</u>
16,299			15,436,434
			2,274,446
	1,330,346		12,141,634
			4,594,178
197,375			1,040,238
			2,047,188
452,850	344,961		3,916,412
			11,246,140
			9,797,163
<u>666,524</u>	<u>1,675,307</u>		<u>62,493,833</u>
<u>681,438</u>	<u>374,694</u>	<u>696</u>	<u>9,791,589</u>
			9,572,127
			(9,821,887)
			(249,760)
681,438	374,694	696	9,541,829
<u>2,945,055</u>	<u>2,049,337</u>	<u>43,906</u>	<u>30,165,285</u>
<u>\$3,626,493</u>	<u>\$2,424,031</u>	<u>\$44,602</u>	<u>\$39,707,114</u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND BUDGETED NON-MAJOR FUNDS COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2019

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees				\$221,714	\$102,749	(\$118,965)
Fines, forfeitures and penalties				19,000	17,199	(1,801)
Use of money and property		\$8,980	\$8,980		19,440	19,440
Intergovernmental	\$4,701,669	4,273,104	(428,565)	3,262,979	1,893,929	(1,369,050)
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other				8,475	2,260	(6,215)
Total Revenues	4,701,669	4,282,084	(419,585)	3,512,168	2,035,577	(1,476,591)
EXPENDITURES						
Current:						
General government				1,647,879	479,845	1,168,034
Public safety				727,145	473,224	253,921
Public works	4,750,360	5,143,054	(392,694)	692,550	761,484	(68,934)
Community development						
Cultural and recreational				592,647	313,013	279,634
Housing and redevelopment						
Capital outlay	1,060,255		1,060,255	101,000	39,528	61,472
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	5,810,615	5,143,054	667,561	3,761,221	2,067,094	1,694,127
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,108,946)	(860,970)	247,976	(249,053)	(31,517)	217,536
OTHER FINANCING SOURCES (USES)						
Transfers in				16,275	16,275	
Transfers (out)				(11,817)	(11,817)	
Total Other Financing Sources (Uses)				4,458	4,458	
NET CHANGE IN FUND BALANCES	(\$1,108,946)	(860,970)	\$247,976	(\$244,595)	(27,059)	\$217,536
BEGINNING FUND BALANCES (DEFICITS)		318,180			684,426	
ENDING FUND BALANCES (DEFICITS)		(\$542,790)			\$657,367	

ITEM F-5
ATTACHMENT 1

PARATRANSIT OPERATIONS			PUBLIC SAFETY			LIGHTING AND LANDSCAPING DISTRICTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$463	\$463				\$1,574,783	\$1,572,228	(\$2,555)
\$840,000	1,046,882	206,882	\$1,255 360,335	\$5,711 266,106	\$4,456 (94,229)	4,000	18,351	14,351
40,000	16,545	(23,455)						
	689	689	50,647	64,171	13,524	7,500		(7,500)
880,000	1,064,579	184,579	412,237	335,988	(76,249)	1,586,283	1,590,579	4,296
1,300,533	778,995	521,538	495,335	320,229	175,106	2,277,713	1,963,393	314,320
						15,000	11,251	3,749
						71,141 1,601	71,140 1,601	1
1,300,533	778,995	521,538	495,335	320,229	175,106	2,365,455	2,047,385	318,070
(420,533)	285,584	706,117	(83,098)	15,759	98,857	(779,172)	(456,806)	322,366
						608,505	608,503	(2)
						608,505	608,503	(2)
(420,533)	285,584	\$706,117	(83,098)	15,759	\$98,857	(\$170,667)	151,697	\$322,364
	(2,908,749)			324,961			1,222,852	
	(\$2,623,165)			\$340,720			\$1,374,549	

(Continued)

CITY OF RICHMOND BUDGETED
NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	DEVELOPER IMPACT FEES			RICHMOND NEIGHBORHOOD STABILIZATION CORPORATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees	\$5,322,705	\$3,121,886	(\$2,200,819)			
Fines, forfeitures and penalties						
Use of money and property	14,592	116,401	101,809	\$352	\$803	\$451
Intergovernmental						
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other						
Total Revenues	5,337,297	3,238,287	(2,099,010)	352	803	451
EXPENDITURES						
Current:						
General government						
Public safety	195,541	53,492	142,049			
Public works	714,980	318,196	396,784			
Community development						
Cultural and recreational	482,736	33,567	449,169			
Housing and redevelopment				20,000		20,000
Capital outlay	287,910	254,361	33,549			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,681,167	659,616	1,021,551	20,000		20,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,656,130	2,578,671	(1,077,459)	(19,648)	803	20,451
OTHER FINANCING SOURCES (USES)						
Transfers in	11,736	11,736				
Transfers (out)						
Total Other Financing Sources (Uses)	11,736	11,736				
NET CHANGE IN FUND BALANCES	\$3,667,866	2,590,407	(\$1,077,459)	(\$19,648)	803	\$20,451
BEGINNING FUND BALANCES (DEFICITS)		5,134,771			175,583	
ENDING FUND BALANCES (DEFICITS)		\$7,725,178			\$176,386	

ITEM F-5
ATTACHMENT 1

RENT CONTROL			COST RECOVERY			ENVIRONMENTAL AND COMMUNITY INVESTMENT AGREEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,804,925	\$2,189,703	(\$615,222)	\$6,412,505	\$8,161,880	\$1,749,375			
	367	367		70,848	70,848		\$222,921	\$222,921
			8,783,482	2,387,620	(6,395,862)			
			4,747,019	2,967,762	(1,779,257)	\$9,000,000	9,000,000	
	133	133	104,957	44,151	(60,806)		29,613	29,613
2,804,925	2,190,203	(614,722)	20,047,963	13,632,261	(6,415,702)	9,000,000	9,252,534	252,534
			9,387,806	8,118,233	1,269,573	6,847,834	6,036,290	811,544
						201,834	157,035	44,799
			2,581,292	2,405,567	175,725	368,668	219,594	149,074
						950,000	300,000	650,000
						778,979	496,283	282,696
2,184,225	2,047,188	137,037						
13,500		13,500	8,736,906	2,131,350	6,605,556	3,537,533	682,111	2,855,422
2,197,725	2,047,188	150,537	20,706,004	12,655,150	8,050,854	12,684,848	7,891,313	4,793,535
607,200	143,015	(464,185)	(658,041)	977,111	1,635,152	(3,684,848)	1,361,221	5,046,069
			3,333,070	3,333,033	(37)			
						(500,000)	(499,963)	37
			3,333,070	3,333,033	(37)	(500,000)	(499,963)	37
\$607,200	143,015	(\$464,185)	\$2,675,029	4,310,144	\$1,635,115	(\$4,184,848)	861,258	\$5,046,106
	(87,679)			(3,090,390)			14,342,301	
	\$55,336			\$1,219,754			\$15,203,559	

(Continued)

CITY OF RICHMOND BUDGETED
NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	2005 PENSION OBLIGATION BONDS			GENERAL DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$11,490,551	\$11,490,551				
Licenses, permits and fees						
Fines, forfeitures and penalties						
Use of money and property		146,678	\$146,678		\$3,606	\$3,606
Intergovernmental						
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other						
Total Revenues	11,490,551	11,637,229	146,678		3,606	3,606
EXPENDITURES						
Current:						
General government						
Public safety						
Public works						
Community development						
Cultural and recreational						
Housing and redevelopment						
Capital outlay						
Debt Service:						
Principal	7,720,000	7,720,000		\$1,375,000	1,375,000	
Interest and fiscal charges	7,154,560	3,363,378	3,791,182	445,667	444,682	985
Total Expenditures	14,874,560	11,083,378	3,791,182	1,820,667	1,819,682	985
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,384,009)	553,851	3,937,860	(1,820,667)	(1,816,076)	4,591
OTHER FINANCING SOURCES (USES)						
Transfers in	7,238	7,268	30	1,821,467	1,821,467	
Transfers (out)						
Total Other Financing Sources (Uses)	7,238	7,268	30	1,821,467	1,821,467	
NET CHANGE IN FUND BALANCES	(\$3,376,771)	561,119	\$3,937,890	\$800	5,391	\$4,591
BEGINNING FUND BALANCES (DEFICITS)		9,844,431			(87)	
ENDING FUND BALANCES (DEFICITS)		\$10,405,550			\$5,304	

CIVIC CENTER DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)
	\$17,809	\$17,809
\$5,816,725	5,929,026	112,301
5,816,725	5,946,835	130,110
2,080,000	2,080,000	
5,987,113	5,987,502	(389)
8,067,113	8,067,502	(389)
(2,250,388)	(2,120,667)	129,721
2,735,743	2,735,743	
2,735,743	2,735,743	
\$485,355	615,076	\$129,721
	(2,852,876)	
	(\$2,237,800)	

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CITY OF RICHMOND
JUNE 30, 2019

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.

ITEM F-5
ATTACHMENT 1

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2019

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$3,760,599		\$33,703	\$3,794,302
Restricted cash and investments	85,638			85,638
Receivables:				
Accounts	73,903	\$5,796	309,358	389,057
Interest	8,678		176	8,854
Total Current Assets	<u>3,928,818</u>	<u>5,796</u>	<u>343,237</u>	<u>4,277,851</u>
Noncurrent Assets				
Capital assets:				
Nondepreciable	330,794	1,136,120		1,466,914
Depreciable, net	1,359,216	1,132,714		2,491,930
Advances to other funds		167,451		167,451
Total Noncurrent Assets	<u>1,690,010</u>	<u>2,436,285</u>		<u>4,126,295</u>
Total Assets	<u>5,618,828</u>	<u>2,442,081</u>	<u>343,237</u>	<u>8,404,146</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions		39,558	223,600	263,158
Deferred outflows related to OPEB		2,676	47,641	50,317
Total Deferred Outflows of Resources		<u>42,234</u>	<u>271,241</u>	<u>313,475</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	43,185	97,247	2,786	143,218
Refundable deposits	85,638	1,200		86,838
Interest payable	104,248			104,248
Due to other funds		664,914		664,914
Compensated absences		6,714	36,048	42,762
Current portion of long term debt	93,090			93,090
Total Current Liabilities	<u>326,161</u>	<u>770,075</u>	<u>38,834</u>	<u>1,135,070</u>
Noncurrent Liabilities				
Advance from other funds		2,433,894		2,433,894
Compensated absences		15,626	6,865	22,491
Long-term debt	2,434,137			2,434,137
Net pension liability		336,288	1,900,843	2,237,131
Net OPEB liability		96,891	1,724,664	1,821,555
Total Noncurrent Liabilities	<u>2,434,137</u>	<u>2,882,699</u>	<u>3,632,372</u>	<u>8,949,208</u>
Total Liabilities	<u>2,760,298</u>	<u>3,652,774</u>	<u>3,671,206</u>	<u>10,084,278</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions		11,456	64,753	76,209
Deferred inflows related to OPEB		1,394	24,819	26,213
Total Deferred Inflows of Resources		<u>12,850</u>	<u>89,572</u>	<u>102,422</u>
NET POSITION				
Net investment in capital assets	(751,579)	2,268,834		1,517,255
Unrestricted	3,610,109	(3,450,143)	(3,146,300)	(2,986,334)
Total Net Position	<u>\$2,858,530</u>	<u>(\$1,181,309)</u>	<u>(\$3,146,300)</u>	<u>(\$1,469,079)</u>

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Richmond Marina</u>	<u>Storm Sewer</u>	<u>Cable TV</u>	<u>Total</u>
OPERATING REVENUES				
Service charges		\$1,937,734	\$1,240,754	\$3,178,488
Lease income	<u>\$602,591</u>	<u>4,437</u>		<u>607,028</u>
Total Operating Revenues	<u>602,591</u>	<u>1,942,171</u>	<u>1,240,754</u>	<u>3,785,516</u>
OPERATING EXPENSES				
Salaries and benefits		211,184	689,312	900,496
General and administrative	45,822	1,313,690	277,148	1,636,660
Maintenance	28,485			28,485
Depreciation	85,563	45,088	4,163	134,814
Other			<u>3,124</u>	<u>3,124</u>
Total Operating Expenses	<u>159,870</u>	<u>1,569,962</u>	<u>973,747</u>	<u>2,703,579</u>
Operating Income (Loss)	<u>442,721</u>	<u>372,209</u>	<u>267,007</u>	<u>1,081,937</u>
NONOPERATING REVENUES (EXPENSES)				
Grants		1,136,120		1,136,120
Interest income	57,338		418	57,756
Interest (expense)	<u>(114,059)</u>	<u>(73,491)</u>		<u>(187,550)</u>
Total Nonoperating Revenues (Expenses)	<u>(56,721)</u>	<u>1,062,629</u>	<u>418</u>	<u>1,006,326</u>
Income (Loss) Before Transfers	386,000	1,434,838	267,425	2,088,263
Transfers out	<u>(86,778)</u>			<u>(86,778)</u>
Change in Net Position	299,222	1,434,838	267,425	2,001,485
BEGINNING NET POSITION (DEFICIT)	<u>2,559,308</u>	<u>(2,616,147)</u>	<u>(3,413,725)</u>	<u>(3,470,564)</u>
ENDING NET POSITION	<u><u>\$2,858,530</u></u>	<u><u>(\$1,181,309)</u></u>	<u><u>(\$3,146,300)</u></u>	<u><u>(\$1,469,079)</u></u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$602,334	\$1,938,086	\$1,284,468	\$3,824,888
Payments to suppliers	(29,257)	(1,389,407)	(281,708)	(1,700,372)
Payments to employees		(159,284)	(912,343)	(1,071,627)
	<u>573,077</u>	<u>389,395</u>	<u>90,417</u>	<u>1,052,889</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(86,778)			(86,778)
Interfund receipts (payments)		(166,569)	(56,956)	(223,525)
	<u>(86,778)</u>	<u>(166,569)</u>	<u>(56,956)</u>	<u>(310,303)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Grants		1,136,120		1,136,120
Acquisition of capital assets	(306,317)	(1,285,455)		(1,591,772)
Repayment of long-term borrowing	(89,081)			(89,081)
Interest paid	(117,734)	(73,491)		(191,225)
	<u>(513,132)</u>	<u>(222,826)</u>		<u>(735,958)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	56,749		242	56,991
	<u>56,749</u>		<u>242</u>	<u>56,991</u>
Net Cash Flows	<u>29,916</u>		<u>33,703</u>	<u>63,619</u>
Cash and investments at beginning of period	<u>3,816,321</u>			<u>3,816,321</u>
Cash and investments at end of period	<u>\$3,846,237</u>		<u>\$33,703</u>	<u>\$3,879,940</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$442,721	\$372,209	\$267,007	\$1,081,937
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	85,563	45,088	4,163	134,814
Change in assets and liabilities:				
Accounts receivable	(257)	(4,085)	43,714	39,372
Accounts payable and accrued liabilities and other accrued expenses	45,050	(75,717)	(1,436)	(32,103)
Compensated absences		5,464	5,618	11,082
Net pension liability and deferred outflows/inflows of resources		42,305	(302,186)	(259,881)
Net OPEB liability and deferred outflows/inflows of resources		4,131	73,537	77,668
	<u>\$573,077</u>	<u>\$389,395</u>	<u>\$90,417</u>	<u>\$1,052,889</u>
Cash Flows from Operating Activities	<u>\$573,077</u>	<u>\$389,395</u>	<u>\$90,417</u>	<u>\$1,052,889</u>

INTERNAL SERVICE FUNDS

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

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

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.

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.

Compensated Absences Fund is used to account for sick, vacation and compensatory time leave payouts related to employee retirements.

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND INTERNAL SERVICE FUNDS COMBINING STATEMENTS OF NET POSITION JUNE 30, 2019

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
ASSETS					
Current Assets					
Cash and investments	\$31,464,875	\$1,281,731	\$837,491	\$383,274	\$33,967,371
Restricted cash and investments		1,231,713			1,231,713
Receivables:					
Accounts	79		69,697		69,776
Interest	99,979	3,000	4,005		106,984
Due from other funds	10,776,581				10,776,581
Total Current Assets	42,341,514	2,516,444	911,193	383,274	46,152,425
Noncurrent Assets					
Capital assets:					
Nondepreciable		1,451,988			1,451,988
Depreciable, net		4,823,611	57,506		4,881,117
Advances to other funds	2,433,894				2,433,894
Total Noncurrent Assets	2,433,894	6,275,599	57,506		8,766,999
Total Assets	44,775,408	8,792,043	968,699	383,274	54,919,424
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	408,840				408,840
Deferred outflows related to OPEB	58,882				58,882
Total Deferred Outflows of Resources	467,722				467,722
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	266,348	161,950	13,853		442,151
Interest payable		11,517			11,517
Accrued claims liabilities	13,577,334				13,577,334
Current portion of long-term debt		233,087			233,087
Total Current Liabilities	13,843,682	406,554	13,853		14,264,089
Noncurrent Liabilities					
Compensated absences	98,618		156,073		254,691
Unearned revenue			695,708		695,708
Accrued claims liabilities	31,000,665				31,000,665
Long-term debt, net		2,230,366			2,230,366
Net pension liability	3,475,582				3,475,582
Net OPEB liability	2,131,607				2,131,607
Total Noncurrent Liabilities	36,706,472	2,230,366	851,781		39,788,619
Total Liabilities	50,550,154	2,636,920	865,634		54,052,708
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	118,397				118,397
Deferred inflows related to OPEB	30,676				30,676
Total Deferred Inflows of Resources	149,073				149,073
NET POSITION (DEFICIT)					
Net investment in capital assets		5,043,859	57,506		5,101,365
Unrestricted	(5,456,097)	1,111,264	45,559	383,274	(3,916,000)
Total Net Position (Deficit)	(\$5,456,097)	\$6,155,123	\$103,065	\$383,274	\$1,185,365

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
OPERATING REVENUES					
Charges for services-internal	\$22,134,849	\$576,000	\$3,897,497	\$2,500,000	\$29,108,346
Charges for services-external			981,099		981,099
Total Operating Revenues	<u>22,134,849</u>	<u>576,000</u>	<u>4,878,596</u>	<u>2,500,000</u>	<u>30,089,445</u>
OPERATING EXPENSES					
Salaries and benefits	2,228,699		3,775,141	2,116,726	8,120,566
General and administrative	1,398,012		961,066		2,359,078
Maintenance	551,954	19,691	137,456		709,101
Depreciation		1,071,123	12,547		1,083,670
Claims losses	19,057,282				19,057,282
Other	9,488				9,488
Total Operating Expenses	<u>23,245,435</u>	<u>1,090,814</u>	<u>4,886,210</u>	<u>2,116,726</u>	<u>31,339,185</u>
Operating Income (Loss)	<u>(1,110,586)</u>	<u>(514,814)</u>	<u>(7,614)</u>	<u>383,274</u>	<u>(1,249,740)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) from sale of capital assets		(67,380)			(67,380)
Grants	1,285,074				1,285,074
Interest income	681,729	26,671			708,400
Interest expense		(100,778)			(100,778)
Total Nonoperating Revenues (Expenses)	<u>1,966,803</u>	<u>(141,487)</u>			<u>1,825,316</u>
Income (Loss) Before Contributions and Transfers	856,217	(656,301)	(7,614)	383,274	575,576
Contributions		130,956			130,956
Transfers in	<u>150,000</u>	<u>426,018</u>			<u>576,018</u>
Change in Net Position	1,006,217	(99,327)	(7,614)	383,274	1,282,550
BEGINNING NET POSITION (DEFICIT)	<u>(6,462,314)</u>	<u>6,254,450</u>	<u>110,679</u>		<u>(97,185)</u>
ENDING NET POSITION (DEFICIT)	<u><u>(\$5,456,097)</u></u>	<u><u>\$6,155,123</u></u>	<u><u>\$103,065</u></u>	<u><u>\$383,274</u></u>	<u><u>\$1,185,365</u></u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$22,358,123	\$690,234	\$4,797,419	\$2,500,000	\$30,345,776
Payments to employees	(1,835,528)		(3,777,293)	(2,116,726)	(7,729,547)
Payments to suppliers	(1,926,593)	(19,691)	(1,090,890)		(3,037,174)
Insurance premiums and claims paid	(12,186,857)				(12,186,857)
Cash Flows from Operating Activities	6,409,145	670,543	(70,764)	383,274	7,392,198
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	3,617,234				3,617,234
Transfers in	150,000	426,018			576,018
Cash Flows from Noncapital Financing Activities	3,767,234	426,018			4,193,252
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grant receipts	1,285,074				1,285,074
Acquisition of capital assets		(1,361,865)			(1,361,865)
Principal payments on capital debt		(224,192)			(224,192)
Interest and fiscal charges paid		(101,826)			(101,826)
Cash Flows from Capital and Related Financing Activities	1,285,074	(1,687,883)			(402,809)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	654,533	25,002	(1,371)		678,164
Cash Flows from Investing Activities	654,533	25,002	(1,371)		678,164
Net Cash Flows	12,115,986	(566,320)	(72,135)	383,274	11,860,805
Cash and investments at beginning of period	19,348,889	3,079,764	909,626		23,338,279
Cash and investments at end of period	\$31,464,875	\$2,513,444	\$837,491	\$383,274	\$35,199,084
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	(\$1,110,586)	(\$514,814)	(\$7,614)	\$383,274	(\$1,249,740)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation		1,071,123	12,547		1,083,670
Change in assets and liabilities:					
Receivables, net	223,274		6,935		230,209
Accounts and other payables	32,861	114,234	7,632		154,727
Unearned revenue			(88,112)		(88,112)
Compensated absences	24,767		(2,152)		22,615
Claims payable	6,870,425				6,870,425
(Decrease) increase in due to retirement system	277,515				277,515
(Decrease) increase in due to OPEB	90,889				90,889
Cash Flows from Operating Activities	\$6,409,145	\$670,543	(\$70,764)	\$383,274	\$7,392,198
Non cash transactions:					
Contributions of capital assets		\$130,956			\$130,956
Retirement of capital assets		(\$67,377)			(\$67,377)

CITY OF RICHMOND
JUNE 30, 2019

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:

PENSION TRUST FUNDS

General Pension Fund records the activity of the General Pension Plan, a defined benefit pension plan that covers 28 former City employees not covered by PERS, all of whom have retired.

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

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

OPEB TRUST FUND

City OPEB Plan Fund was established to account for the medical benefits for former employees of the City.

RPOA OPEB Plan Fund was established to account for the medical benefits for former City Police Officers.

PRIVATE-PURPOSE TRUST FUNDS

Pt. Molate Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate.

Successor Agency to the Richmond Community Redevelopment Agency Fund accounts for the activities of the Successor Agency to the former Redevelopment Agency.

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND PENSION AND OPEB TRUST FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2019

	PENSION					
	General Pension	Police and Firemen's Pension	Garfield Pension	City OPEB Plan	RPOA OPEB Plan	Total
ASSETS						
Pension and OPEB plan cash and investments:						
City of Richmond investment pool	\$1,066,985		\$158,584			\$1,225,569
Local Agency Investment Fund			180,243			180,243
Mutual fund investments		\$11,333,245		\$16,631,743	\$1,879,640	29,844,628
Receivables:						
Accounts						
Interest	828	257	395			1,480
Total Assets	<u>1,067,813</u>	<u>11,333,502</u>	<u>339,222</u>	<u>16,631,743</u>	<u>1,879,640</u>	<u>31,251,920</u>
NET POSITION						
Restricted for employees' pension and OPEB benefits	<u>\$1,067,813</u>	<u>\$11,333,502</u>	<u>\$339,222</u>	<u>\$16,631,743</u>	<u>\$1,879,640</u>	<u>\$31,251,920</u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND PENSION AND OPEB TRUST FUNDS COMBINING STATEMENT OF CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2019

	PENSION					
	General Pension	Police and Firemen's Pension	Garfield Pension	City OPEB Plan	RPOA OPEB Plan	Total C
ADDITIONS						
Net investment income:						
Interest income	\$8,092	\$287,824	\$7,014	\$1,170,454		\$1,473,384
Net increase (decrease) in the fair value of investments	32	411,769	10			411,811
Investment management fees		(54,000)		(81,950)		(135,950)
Contributions to trust - employer	812,561	1,270,466	102,140	6,714,785	\$82,673	8,982,625
Contributions to trust - employee				532,288		532,288
Transfer in					1,879,640	1,879,640
Total Additions	820,685	1,916,059	109,164	8,335,577	1,962,313	13,143,798
DEDUCTIONS						
Pension and OPEB benefits	494,605	2,170,136	77,703	7,247,073	82,673	10,072,190
Other						
Transfer out				1,879,640		1,879,640
Total Deductions	494,605	2,170,136	77,703	9,126,713	82,673	11,951,830
Net Increase (Decrease)	326,080	(254,077)	31,461	(791,136)	1,879,640	1,191,968
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS						
Beginning of year	741,733	11,587,579	307,761	17,422,879		30,059,952
End of year	\$1,067,813	\$11,333,502	\$339,222	\$16,631,743	\$1,879,640	\$31,251,920

CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Pt. Molate</u>	Successor Agency to the Richmond Community <u>Redevelopment Agency</u>	<u>Total</u>
ASSETS			
Cash and investments		\$14,203,554	\$14,203,554
Restricted cash and investments	\$2,972,453	24,728,330	27,700,783
Accounts receivable		158,779	158,779
Grants receivable		82,961	82,961
Loans receivable		1,394,000	1,394,000
Prepays and other assets		<u>6,157,440</u>	<u>6,157,440</u>
Total Assets	<u>2,972,453</u>	<u>46,725,064</u>	<u>49,697,517</u>
LIABILITIES			
Accounts payable and accrued liabilities		235,118	235,118
Interest payable		1,118,626	1,118,626
Derivative instrument at fair value-liability		3,410,900	3,410,900
Long-term debt:			
Due within one year		9,158,728	9,158,728
Due in more than one year		<u>77,943,325</u>	<u>77,943,325</u>
Total Liabilities		<u>91,866,697</u>	<u>91,866,697</u>
NET POSITION			
Held in trust other governments	<u>\$2,972,453</u>	<u>(\$45,141,633)</u>	<u>(\$42,169,180)</u>

ITEM F-5
ATTACHMENT 1

CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Pt. Molate</u>	<u>Successor Agency to the Richmond Community Redevelopment Agency</u>	<u>Total</u>
ADDITIONS			
Property taxes		\$10,714,239	\$10,714,239
Investment income	\$18,275	1,170,916	1,189,191
Proceeds from sale of capital assets		589,054	589,054
	<u>18,275</u>	<u>12,474,209</u>	<u>12,492,484</u>
Total Additions			
	<u>18,275</u>	<u>12,474,209</u>	<u>12,492,484</u>
DEDUCTIONS			
Community development		3,138,826	3,138,826
Gain (loss) from sale of property		463,167	463,167
Payments in accordance with trust agreements	265,969		265,969
Interest and fiscal charges		4,662,021	4,662,021
	<u>265,969</u>	<u>8,264,014</u>	<u>8,529,983</u>
Total Deductions			
	<u>265,969</u>	<u>8,264,014</u>	<u>8,529,983</u>
Change in net position	(247,694)	4,210,195	3,962,501
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>3,220,147</u>	<u>(49,351,828)</u>	<u>(46,131,681)</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$2,972,453</u>	<u>(\$45,141,633)</u>	<u>(\$42,169,180)</u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND
SUBCOMBINING SCHEDULE OF NET POSITION OF THE
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2019

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
ASSETS				
Cash and investments	\$8,116,916		\$6,086,638	
Restricted cash and investments			5,051,552	\$114,512
Accounts receivable		\$6,472	152,307	
Grants receivable			82,961	
Loans receivable			1,394,000	
Due from other funds			45,229	
Prepays and other assets			6,157,440	
Total Assets	<u>8,116,916</u>	<u>6,472</u>	<u>18,970,127</u>	<u>114,512</u>
LIABILITIES				
Accounts payable and accrued liabilities		4,902	230,216	
Due to other funds		1,571		43,658
Interest payable				
Derivative instrument at fair value-liability				
Long-term debt:				
Due within one year				
Due in more than one year				
Total Liabilities		<u>6,473</u>	<u>230,216</u>	<u>43,658</u>
NET POSITION (DEFICIT)				
Held in trust for other governments	<u>\$8,116,916</u>	<u>(\$1)</u>	<u>\$18,739,911</u>	<u>\$70,854</u>

ITEM F-5
ATTACHMENT 1

<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
		\$14,203,554
\$19,562,266		24,728,330
		158,779
		82,961
		1,394,000
	(\$45,229)	
		<u>6,157,440</u>
<u>19,562,266</u>	<u>(45,229)</u>	<u>46,725,064</u>
		235,118
	(45,229)	
1,118,626		1,118,626
3,410,900		3,410,900
9,158,728		9,158,728
<u>77,943,325</u>		<u>77,943,325</u>
<u>91,631,579</u>	<u>(45,229)</u>	<u>91,866,697</u>
<u>(\$72,069,313)</u>		<u>(\$45,141,633)</u>

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND
SUBCOMBINING SCHEDULE OF CHANGES IN NET POSITION OF THE SUCCESSOR
AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY PRIVATE
PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
ADDITIONS				
Property taxes	\$10,714,239			
Investment income			\$130,640	\$2,766
Transfers from other funds		\$382,587	342,758	
Proceeds from sale of capital assets			589,054	
Total Additions	<u>10,714,239</u>	<u>382,587</u>	<u>1,062,452</u>	<u>2,766</u>
DEDUCTIONS				
Community development		\$382,587	2,155,623	
Loss from sale of property			463,167	
Interest and fiscal charges				
Transfers to other funds	<u>12,879,396</u>		<u>268,770</u>	<u>43,654</u>
Total Deductions	<u>12,879,396</u>	<u>382,587</u>	<u>2,887,560</u>	<u>43,654</u>
Change in net position	(2,165,157)		(1,825,108)	(40,888)
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>10,282,073</u>	<u>(1)</u>	<u>20,565,019</u>	<u>111,742</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$8,116,916</u></u>	<u><u>(\$1)</u></u>	<u><u>\$18,739,911</u></u>	<u><u>\$70,854</u></u>

ITEM F-5
ATTACHMENT 1

<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
		\$10,714,239
\$1,037,510		1,170,916
12,466,475	(\$13,191,820)	589,054
<u>13,503,985</u>	<u>(13,191,820)</u>	<u>12,474,209</u>
600,616		3,138,826
		463,167
4,662,021		4,662,021
	(13,191,820)	
<u>5,262,637</u>	<u>(13,191,820)</u>	<u>8,264,014</u>
8,241,348		4,210,195
<u>(80,310,661)</u>		<u>(49,351,828)</u>
<u>(\$72,069,313)</u>		<u>(\$45,141,633)</u>

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AGENCY FUNDS

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

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

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

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

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

JPFA Reassessment Fund receives secured tax payments (from assessment rolls), and makes payments on the JPFA Revenue Reassessment Bonds; Series 2011A.

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.

ITEM F-5
ATTACHMENT 1

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Special Assessment				
Cash and investments	\$906,850	\$318,628	\$319,890	\$905,588
Restricted cash and investments	343,308	2,780		346,088
Interest receivable	<u>1,799</u>	<u>2,038</u>	<u>1,799</u>	<u>2,038</u>
Total Assets	<u>\$1,251,957</u>	<u>\$323,446</u>	<u>\$321,689</u>	<u>\$1,253,714</u>
Due to assessment district bondholders	\$1,251,957	\$323,446	\$321,689	\$1,253,714
General Agency				
Cash and investments	\$1,213,709	\$402,484	\$50,686	\$1,565,507
Restricted cash and investments	16,679		410	16,269
Accounts receivable		4,891		4,891
Interest receivable	<u>2,569</u>	<u>3,625</u>	<u>2,569</u>	<u>3,625</u>
Total Assets	<u>\$1,232,957</u>	<u>\$411,000</u>	<u>\$53,665</u>	<u>\$1,590,292</u>
Accounts payable and accrued liabilities	\$6,185	\$33,990	\$6,185	\$33,990
Refundable Deposits	<u>1,226,772</u>	<u>377,010</u>	<u>47,480</u>	<u>1,556,302</u>
Total Liabilities	<u>\$1,232,957</u>	<u>\$411,000</u>	<u>\$53,665</u>	<u>\$1,590,292</u>
Johnson Library				
Cash and investments	\$10,378	\$188	\$25	\$10,541
Interest receivable	<u>23</u>	<u>25</u>	<u>23</u>	<u>25</u>
Total Assets	<u>\$10,401</u>	<u>\$213</u>	<u>\$48</u>	<u>\$10,566</u>
Refundable deposits	<u>\$10,401</u>	<u>\$213</u>	<u>\$48</u>	<u>\$10,566</u>

(Continued)

ITEM F-5
ATTACHMENT 1

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Senior Center				
Cash and investments	\$63,208	\$46,031	\$45,892	\$63,347
Interest receivable	<u>158</u>	<u>155</u>	<u>158</u>	<u>155</u>
Total Assets	<u><u>\$63,366</u></u>	<u><u>\$46,186</u></u>	<u><u>\$46,050</u></u>	<u><u>\$63,502</u></u>
Accounts payable and accrued liabilities	\$3,618	\$2,923	\$3,618	\$2,923
Refundable Deposits	<u>59,748</u>	<u>43,263</u>	<u>42,432</u>	<u>60,579</u>
Total Liabilities	<u><u>\$63,366</u></u>	<u><u>\$46,186</u></u>	<u><u>\$46,050</u></u>	<u><u>\$63,502</u></u>
JPFA Reassessment				
Cash and investments	\$2,688,571	(\$13,480)	\$804,119	\$1,870,972
Restricted cash and investments	652,887	74,344		727,231
Interest receivable	5,697	4,447	5,697	4,447
Investment in reassessment bonds	<u>1,650,000</u>		<u>800,000</u>	<u>850,000</u>
Total Assets	<u><u>\$4,997,155</u></u>	<u><u>\$65,311</u></u>	<u><u>\$1,609,816</u></u>	<u><u>\$3,452,650</u></u>
Accounts payable and accrued liabilities	\$82		\$82	
Due to assessment district bondholders	<u>4,997,073</u>	<u>\$65,311</u>	<u>1,609,734</u>	<u>\$3,452,650</u>
Total Liabilities	<u><u>\$4,997,155</u></u>	<u><u>\$65,311</u></u>	<u><u>\$1,609,816</u></u>	<u><u>\$3,452,650</u></u>
Payroll Benefits				
Cash and investments	\$1,190,282	\$5,965,653	\$391,313	\$6,764,622
Accounts receivable	<u>\$431,012</u>	<u>391,313</u>	<u>431,012</u>	<u>391,313</u>
Total Assets	<u><u>\$1,621,294</u></u>	<u><u>\$6,356,966</u></u>	<u><u>\$822,325</u></u>	<u><u>\$7,155,935</u></u>
Accounts payable and accrued liabilities	<u><u>\$1,621,294</u></u>	<u><u>\$6,356,966</u></u>	<u><u>\$822,325</u></u>	<u><u>\$7,155,935</u></u>

(Continued)

ITEM F-5
ATTACHMENT 1

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
2006 A&B Reassessment District				
Cash and investments	\$798,741	\$842,082	\$687,948	\$952,875
Restricted cash and investments	199,225	58,397		257,622
Interest receivable	1,564	2,032	1,564	2,032
Investment in reassessment bonds	<u>7,685,607</u>		<u>444,913</u>	<u>7,240,694</u>
Total Assets	<u><u>\$8,685,137</u></u>	<u>\$902,511</u>	<u>\$1,134,425</u>	<u>\$8,453,223</u>
Accounts payable and accrued liabilities	\$226		\$226	
Due to assessment district bondholders	<u>8,684,911</u>	<u>\$902,511</u>	<u>1,134,199</u>	<u>\$8,453,223</u>
Total Liabilities	<u><u>\$8,685,137</u></u>	<u>\$902,511</u>	<u>\$1,134,425</u>	<u>\$8,453,223</u>
Total Agency Funds				
Cash and investments	\$6,871,739	\$7,561,586	\$2,299,873	\$12,133,452
Restricted cash and investments	1,212,099	135,521	410	1,347,210
Investment in reassessment bonds	9,335,607		1,244,913	8,090,694
Accounts receivable	431,012	396,204	431,012	396,204
Interest receivable	<u>11,810</u>	<u>12,322</u>	<u>11,810</u>	<u>12,322</u>
Total Assets	<u><u>\$17,862,267</u></u>	<u>\$8,105,633</u>	<u>\$3,988,018</u>	<u>\$21,979,882</u>
Accounts payable and accrued liabilities	\$1,631,405	\$6,393,879	\$832,436	\$7,192,848
Refundable Deposits	1,296,921	420,486	89,960	1,627,447
Due to assessment district bondholders	<u>14,933,941</u>	<u>1,291,268</u>	<u>3,065,622</u>	<u>13,159,587</u>
Total Liabilities	<u><u>\$17,862,267</u></u>	<u>\$8,105,633</u>	<u>\$3,988,018</u>	<u>\$21,979,882</u>

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 wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
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 and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections
5. Utility Users Tax Collections
6. Utility Users Tax Direct Rates
7. Top Ten Utility Users Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 1999, 2006, 2008, 2010A & 2010B Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, 2004, 2007 and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds.
4. General Bonded Debt – Pension Obligation Bonds
5. Bonded Debt Pledged Revenue Coverage – Tax Allocation Bonds all Refunding 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:

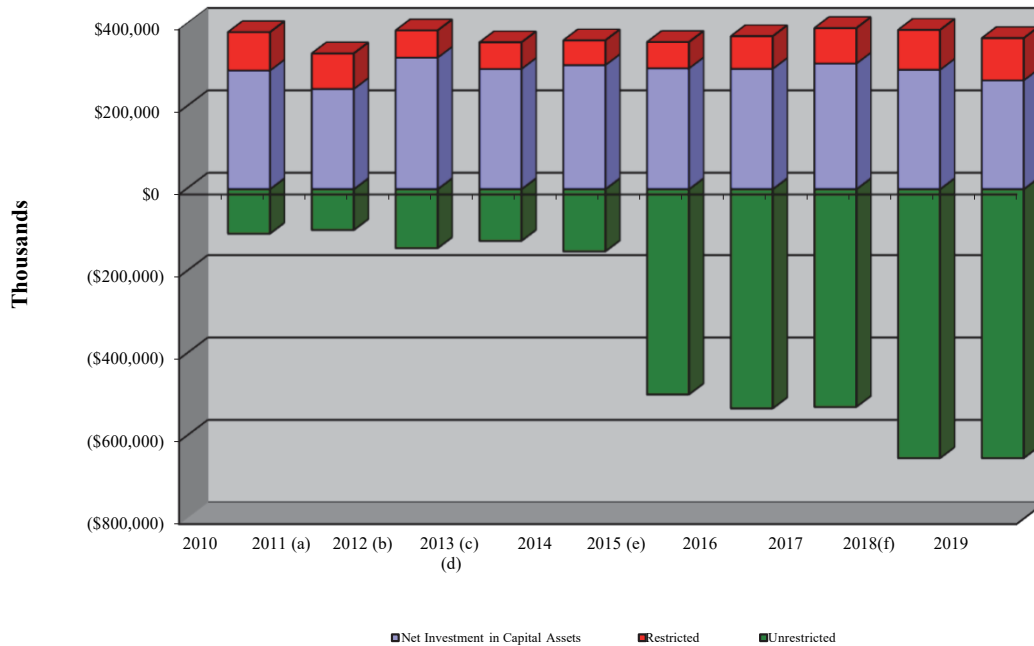
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

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

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



	Fiscal Year Ended June 30				
	2010	2011 (a)	2012 (b)	2013 (c) (d)	2014
Governmental activities					
Net investment in capital assets	\$201,197,639	\$164,739,567	\$242,281,323	\$214,572,546	\$227,828,243
Restricted	72,114,985	78,105,002	57,989,820	55,396,056	50,461,923
Unrestricted	(66,103,671)	(83,013,306)	(118,620,471)	(119,231,699)	(148,161,106)
Total governmental activities net position	<u>\$207,208,953</u>	<u>\$159,831,263</u>	<u>\$181,650,672</u>	<u>\$150,736,903</u>	<u>\$130,129,060</u>
Business-type activities					
Net investment in capital assets	\$86,432,590	\$78,162,970	\$76,731,871	\$76,966,448	\$72,911,000
Restricted	21,150,740	8,334,722	8,169,878	9,196,255	9,793,767
Unrestricted	(42,004,396)	(16,389,951)	(24,759,367)	(6,365,742)	(3,096,845)
Total business-type activities net position	<u>\$65,578,934</u>	<u>\$70,107,741</u>	<u>\$60,142,382</u>	<u>\$79,796,961</u>	<u>\$79,607,922</u>
Primary government					
Net investment in capital assets	\$287,630,229	\$242,902,537	\$319,013,194	\$291,538,994	\$300,739,243
Restricted	93,265,725	86,439,724	66,159,698	64,592,311	60,255,690
Unrestricted	(108,108,067)	(99,403,257)	(143,379,838)	(125,597,441)	(151,257,951)
Total primary government net position	<u>\$272,787,887</u>	<u>\$229,939,004</u>	<u>\$241,793,054</u>	<u>\$230,533,864</u>	<u>\$209,736,982</u>

- (a) Balance was restated in fiscal year 2012. Years prior to 2011 have not been restated.
 (b) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.
 (c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
 (d) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.
 (e) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.
 (f) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

Fiscal Year Ended June 30				
2015 (e)	2016	2017	2018(f)	2019
\$218,144,811	\$228,292,389	\$233,619,046	\$221,336,363	\$211,717,676
54,578,939	70,322,707	76,810,440	87,380,363	93,157,922
<u>(479,961,080)</u>	<u>(508,981,299)</u>	<u>(504,602,583)</u>	<u>(625,067,289)</u>	<u>(644,341,826)</u>
<u><u>(\$207,237,330)</u></u>	<u><u>(\$210,366,203)</u></u>	<u><u>(\$194,173,097)</u></u>	<u><u>(\$316,350,563)</u></u>	<u><u>(\$339,466,228)</u></u>
\$74,922,303	\$63,405,228	\$71,000,240	\$68,213,687	\$52,161,380
9,408,237	9,008,038	9,441,288	9,514,522	9,440,965
<u>(18,432,590)</u>	<u>(23,382,659)</u>	<u>(24,096,174)</u>	<u>(27,908,968)</u>	<u>(8,644,683)</u>
<u><u>\$65,897,950</u></u>	<u><u>\$49,030,607</u></u>	<u><u>\$56,345,354</u></u>	<u><u>\$49,819,241</u></u>	<u><u>\$52,957,662</u></u>
\$293,067,114	\$291,697,617	\$304,619,286	\$289,550,050	\$263,879,056
63,987,176	79,330,745	86,251,728	96,894,885	102,598,887
<u>(498,393,670)</u>	<u>(532,363,958)</u>	<u>(528,698,757)</u>	<u>(652,976,257)</u>	<u>(652,986,509)</u>
<u><u>(\$141,339,380)</u></u>	<u><u>(\$161,335,596)</u></u>	<u><u>(\$137,827,743)</u></u>	<u><u>(\$266,531,322)</u></u>	<u><u>(\$286,508,566)</u></u>

ITEM F-5 ATTACHMENT 1

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

	Fiscal Year Ended June 30				
	2010	2011	2012	2013 (b)	2014
Expenses					
Governmental Activities:					
General Government	\$19,044,449	\$17,127,696	\$32,549,754	\$35,272,517	\$36,119,297
Public Safety	95,147,888	101,613,767	100,403,365	97,136,602	102,664,551
Public Works	43,342,529	41,004,033	42,747,958	46,011,618	46,403,830
Community Development	7,698,693	7,685,733	5,845,968	4,909,158	4,618,101
Cultural and Recreational	14,952,438	14,647,978	14,583,687	12,129,962	10,808,931
Housing and Redevelopment	18,014,624	15,524,912	19,768,765	2,816,094	1,984,908
Interest and Fiscal Charges	30,251,260	23,108,139	19,633,486	15,411,831	19,439,248
Total Governmental Activities Expenses	228,451,881	220,712,258	235,532,983	213,687,782	222,038,866
Business-Type Activities:					
Richmond Housing Authority	27,709,496	27,246,056	30,989,229	28,992,229	29,771,151
Port of Richmond	8,611,216	7,033,016	7,868,918	9,337,252	9,530,693
Richmond Marina	232,855	343,734	1,681,461	266,918	253,190
Municipal Sewer	13,611,098	14,193,822	14,655,752	16,964,175	16,298,623
Storm Sewer	2,527,838	2,670,397	2,744,775	2,815,541	3,210,678
Cable TV	991,506	961,059	1,037,142	990,802	890,846
Total Business-Type Activities Expenses	53,684,009	52,448,084	58,977,277	59,366,917	59,955,181
Total Primary Government Expenses	\$282,135,890	\$273,160,342	\$294,510,260	\$273,054,699	\$281,994,047
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$6,612,893	\$8,155,496	\$8,496,532	\$11,596,612	\$16,917,113
Public Safety	5,674,457	5,177,825	5,075,588	5,400,290	6,217,749
Public Works	1,656,353	3,741,601	2,596,312	3,090,211	4,160,804
Community Development	504,726	135,215	361,706	234,836	405,404
Cultural and Recreational	1,294,976	1,151,374	1,118,777	516,499	584,475
Housing and Redevelopment	222,459				
Operating Grants and Contributions	12,286,127	17,934,341	11,259,829	9,703,416	8,434,018
Capital Grants and Contributions	9,685,942	20,016,974	17,238,057	11,360,153	34,530,908
Total Government Activities Program Revenues	37,937,933	56,312,826	46,146,801	41,902,017	71,250,471
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority	2,100,519	1,916,352	2,354,197	2,619,669	2,638,834
Port of Richmond	3,882,153	6,329,914	7,745,580	9,043,026	10,201,751
Richmond Marina	417,679	220,858	259,777	466,921	456,956
Municipal Sewer	15,991,488	17,342,276	17,565,632	17,733,454	18,569,191
Storm Sewer	1,593,792	1,697,475	1,800,536	1,842,001	1,869,064
Cable TV	1,157,502	1,099,919	1,022,100	1,320,552	1,228,864
Operating Grants and Contributions	21,549,967	23,332,167	22,742,102	22,323,336	21,953,401
Capital Grants and Contributions	2,429,709	2,685,479	3,775,002	10,087,538	1,673,398
Total Business-Type Activities Program Revenue	49,122,809	54,624,440	57,264,926	65,436,497	58,591,459
Total Primary Government Program Revenues	\$87,060,742	\$110,937,266	\$103,411,727	\$107,338,514	\$129,841,930
Net (Expense)/Revenue					
Governmental Activities	(\$190,513,948)	(\$164,399,432)	(\$189,386,182)	(\$171,785,765)	(\$150,788,395)
Business-Type Activities	(4,561,200)	2,176,356	(1,712,351)	6,069,580	(1,363,722)
Total Primary Government Net Expense	(\$195,075,148)	(\$162,223,076)	(\$191,098,533)	(\$165,716,185)	(\$152,152,117)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes:					
Current Collections	\$62,620,002	\$61,155,694	\$52,219,777	\$47,207,734	\$42,226,820
Sales Taxes	25,000,182	23,025,923	27,788,339	29,865,548	29,627,711
Utility User Taxes	50,298,719	45,007,806	45,984,315	48,398,349	48,033,706
Documentary Transfer Taxes			2,765,842	2,957,834	3,461,473
Other Taxes	6,092,050	3,361,146	3,784,986	3,289,518	3,592,218
Use of Money and Property	(7,618,093)	8,877,982	(22,064,295)	11,331,823	(1,164,987)
Unrestricted Intergovernmental	957,140	2,427,575	4,752,245	44,814	
Miscellaneous	5,465,467	6,723,228	7,917,715	3,461,402	3,229,898
Gain From Sale of Capital Assets					174,874
Pension Stabilization Revenue	2,728,314	2,728,314	2,544,175	2,549,922	998,839
Developer Revenue Sharing	138,454	101,739	55,958		
Transfers	500,000	(85,629)	1,030,428	(590,394)	
Special/Extraordinary Items:					
Swap Termination					
Transfer of Loans to Housing Successor					
Assets Transferred To/Liabilities Assumed By Housing Successor/Successor Agency				84,426,106 (a)	(5,328,244)
Total Government Activities	146,182,235	153,323,778	211,205,591	143,188,306	130,180,552
Business-Type Activities:					
Taxes:					
Property Taxes					
Use of Money and Property	(2,768,103)	1,657,791	(5,331,300)	4,054,073	(185,246)
Settlement	1,922,260				
Other	188,143	609,031			
Special Item					
Transfers	(500,000)	85,629	(1,030,428)	590,394	
Extraordinary Items				9,023,704	1,359,929
Total Business-Type Activities	(1,157,700)	2,352,451	(6,361,728)	13,668,171	1,174,683
Total Primary Government	\$145,024,535	\$155,676,229	\$204,843,863	\$156,856,477	\$131,355,235
Change in Net Position					
Governmental Activities	(\$44,331,713)	(\$11,075,654)	\$21,819,409	(\$28,597,459)	(\$20,607,843)
Business-Type Activities	(5,718,900)	4,528,807	(8,074,079)	19,737,751	(189,039)
Total Primary Government	(\$50,050,613)	(\$6,546,847)	\$13,745,330	(\$8,859,708)	(\$20,796,882)

(a) The Redevelopment Agency was dissolved effective January 31, 2012 and its net position transferred to a Successor Agency.

(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

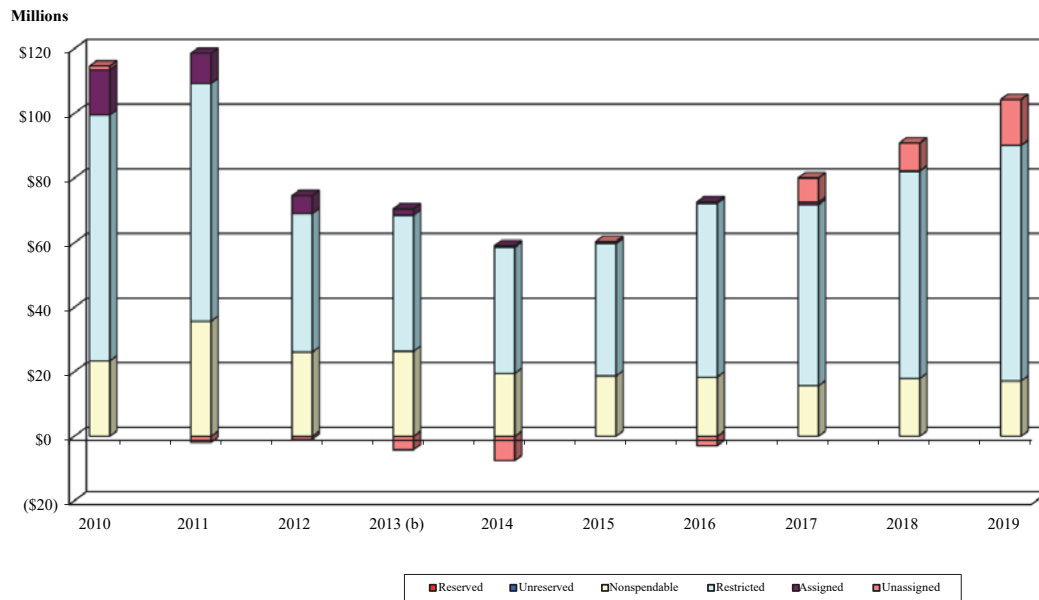
(c) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.

(d) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

ITEM F-5 ATTACHMENT 1

Fiscal Year Ended June 30				
2015 (c)	2016	2017	2018 (d)	2019
\$28,879,074	\$32,197,941	\$34,851,005	\$45,715,329	\$45,626,305
102,732,652	107,380,286	104,919,259	114,932,219	116,621,006
43,363,799	44,410,102	41,558,084	48,617,290	49,893,124
4,771,875	5,003,045	3,290,142	4,589,328	5,791,630
10,492,020	11,021,226	10,996,526	14,280,985	15,074,312
2,751,290	2,051,898	7,449,423	3,442,239	2,676,897
17,219,905	18,902,831	16,387,887	16,127,479	15,380,005
210,210,615	220,967,329	219,452,326	247,704,869	251,063,279
28,049,474	26,385,133	26,241,916	30,978,813	36,766,319
9,923,282	11,132,997	10,102,104	10,257,553	8,811,486
235,054	237,129	230,621	327,442	273,929
15,965,608	16,446,626	17,720,735	21,696,370	19,259,997
3,282,406	2,465,929	2,320,723	1,661,808	1,643,453
948,426	2,114,436	1,028,185	1,697,155	973,747
58,404,250	58,782,250	57,644,284	66,619,141	67,728,931
\$268,614,865	\$279,749,579	\$277,096,610	\$314,324,010	\$318,792,210
\$11,107,654	\$12,468,525	\$15,543,381	\$16,838,782	\$15,310,347
10,466,292	7,271,472	8,932,212	8,147,458	7,124,227
3,609,577	3,936,242	4,796,586	6,529,172	5,118,216
1,385,689	1,069,767	615,388	1,748,222	1,603,581
475,091	1,128,267	1,252,192	1,545,399	2,200,702
	42,040		1,878,958	2,189,703
9,231,039	20,994,534	16,083,370	20,556,989	20,514,833
21,097,186	17,534,992	14,008,833	10,471,376	5,778,572
57,372,528	64,445,839	61,231,962	67,716,356	59,840,181
1,917,602	1,851,337	3,067,020	1,740,399	3,329,072
9,480,367	10,581,419	10,182,777	10,580,246	10,629,229
488,201	517,108	540,567	537,438	602,591
19,033,406	19,757,863	20,767,925	22,447,439	24,476,967
1,845,648	1,966,537	1,992,758	2,068,110	1,942,171
1,376,194	1,320,486	1,339,104	1,281,952	1,240,754
22,112,391	21,951,328	22,636,922	26,098,804	28,666,300
2,189,724	2,155,686	969,910	1,155,536	2,170,137
58,443,533	60,101,764	61,496,983	65,909,924	73,057,221
\$115,816,061	\$124,547,603	\$122,728,945	\$133,626,280	\$132,897,402
(\$152,838,087)	(\$156,521,490)	(\$158,220,364)	(\$179,988,513)	(\$191,223,098)
39,283	1,319,514	3,852,699	(709,217)	5,328,290
(\$152,798,804)	(\$155,201,976)	(\$154,367,665)	(\$180,697,730)	(\$185,894,808)
\$45,129,392	\$51,302,638	\$56,588,547	59,441,796	60,592,022
33,155,376	40,877,125	41,620,189	44,474,973	47,659,481
48,299,958	43,365,249	44,966,489	46,079,755	45,905,937
4,818,936	6,187,096	7,452,985	6,486,347	8,011,672
5,099,511	5,734,802	5,329,465	6,144,968	6,227,213
(4,752,198)	1,198,266	12,230,256	7,000,785	(6,825,744)
1,806,532	43,312	49,448	58,842	4,705,047
2,151,042	4,258,061	5,138,724	4,195,794	1,980,973
268,927	262,667	64,651	39,226	71,779
954,202	915,860	885,938		
178,487	600,000	86,778	86,778	(220,947)
	(16,321,171)			
	14,968,712		1,208,259	
137,110,165	153,392,617	174,413,470	175,217,523	168,107,433
(563,129)	(3,076,857)	3,548,826	3,431,293	(1,015,459)
	(14,510,000)			
(178,487)	(600,000)	(86,778)	(86,778)	220,947
(741,616)	(18,186,857)	3,462,048	3,344,515	(794,512)
\$136,368,549	\$135,205,760	\$177,875,518	\$178,562,038	\$167,312,921
(\$15,727,922)	(\$3,128,873)	\$16,193,106	(\$4,770,990)	(\$23,115,665)
(702,333)	(16,867,343)	7,314,747	2,635,298	4,533,778
(\$16,430,255)	(\$19,996,216)	\$23,507,853	(\$2,135,692)	(\$18,581,887)

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



	Fiscal Year Ended June 30									
	2010	2011	2012	2013 (b)	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$23,360,596	\$28,021,103	\$25,944,325	\$26,366,829	\$19,505,987	\$18,708,682	\$18,404,669	\$15,697,680	\$17,967,653	\$17,170,714
Assigned	1,009,480	380,999	377,181	219,646	56,786	23,934	4,460	10,013	72,506	63,180
Unassigned	14,836,337	12,077,471	11,036,847	10,238,862	7,979,055	9,949,120	10,988,266	19,709,197	17,590,764	19,534,660
Total General Fund	\$39,206,413	\$40,479,573	\$37,358,353	\$36,825,337	\$27,541,828	\$28,681,736	\$29,397,395	\$35,416,890	\$35,630,923	\$36,768,554 (a)
All Other Governmental Funds										
Nonspendable	\$19,160	\$7,666,605	\$174,067			\$484	\$550			
Restricted	76,120,393	73,538,765	42,888,150	\$42,117,459	\$39,066,351	41,017,602	53,752,247	\$56,052,014	\$64,125,353	\$72,865,392
Assigned	12,925,706	8,925,705	5,147,506	1,734,260	428,766	430,083	431,867	782,617	43,906	44,602
Unassigned	(13,673,750)	(13,944,936)	(11,929,833)	(14,357,112)	(15,499,990)	(9,755,130)	(13,824,433)	(12,190,388)	(8,939,781)	(5,403,755)
Total all other governmental funds	\$75,391,509	\$76,186,139	\$36,279,890	\$29,494,607	\$23,995,127	\$31,693,039	\$40,360,231	\$44,644,243	\$55,229,478	\$67,506,239 (a)

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

(b) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.

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

	Fiscal Year Ended June 30,				
	2010	2011	2012	2013	2014
Revenues					
Property taxes	\$63,858,143	\$57,113,666	\$51,964,005	\$48,518,328	\$43,559,305
Sales taxes	25,000,182	23,025,923	27,788,339	29,865,548	29,627,711
Utility user fees	40,298,719	50,007,806	50,984,315	48,398,349	48,033,706
Other taxes	6,092,050	7,824,181	6,550,828	6,247,352	7,053,691
Licenses, permits and fees	7,598,407	7,495,563	9,393,833	11,830,426	7,713,634
Developer revenue sharing	138,454	101,739	55,958		
Fines, forfeitures and penalties	481,264	474,889	536,510	617,509	821,411
Use of money and property	1,849,884	1,031,746	932,393	557,936	153,958
Intergovernmental	21,627,513	38,605,526	36,121,561	19,995,922	17,078,035
Private grants					
Charges for services	8,517,238	9,425,484	9,204,016	9,350,051	20,022,968
Pension stabilization revenue	2,728,314	2,728,314	2,544,175	2,549,922	998,839
Rent	766,017	960,661	793,144	681,141	708,626
Other	4,766,408	6,686,908	7,142,854	2,703,133	2,845,117
Total Revenues	183,722,593	205,482,406	204,011,931	181,315,617	178,617,001
Expenditures					
Current:					
General government	14,412,971	15,053,928	30,303,614	33,251,610	32,005,878
Public safety	95,989,053	94,269,101	87,286,248	87,573,539	91,676,955
Public works	20,997,847	23,144,011	25,555,928	26,065,996	26,363,885
Community development	7,692,545	7,655,697	5,643,542	4,709,478	4,357,885
Cultural and recreational	15,137,648	14,559,213	12,183,399	11,175,362	10,223,708
Housing and redevelopment	12,098,783	11,767,304	6,267,418	3,089,640	2,266,265
SERAF	10,118,826	2,083,288			
Capital outlay	25,142,692	27,189,722	28,721,772	15,704,486	14,365,888
Debt service:					
Principal repayment	171,714,191 (a)	14,879,506	14,312,544	8,691,629	6,775,769
Interest and fiscal charges	21,418,597	14,559,340	11,393,091	7,504,922	10,989,996
Swap termination payment					
Total Expenditures	223,008,962	225,161,110	221,667,556	197,766,662	199,026,229
Excess (deficiency) of revenues over (under) expenditures	(39,286,369)	(19,678,704)	(17,655,625)	(16,451,045)	(20,409,228)
Other Financing Sources (Uses)					
Transfers in	49,963,245	62,507,821	38,456,022	21,145,031	20,145,264
Transfers out	(43,560,606)	(55,482,457)	(33,437,663)	(19,666,470)	(20,859,344)
Sale of property	23,300		188,489	53,618	174,874
Payment to refund bond escrow agent					
Issuance of long-term debt	121,076,391	14,721,130	3,214,243	2,621,558	6,165,445
Bond issuance premium			109,701	106,740	
Total other financing sources (uses)	127,502,330	21,746,494	8,530,792	4,260,477	5,626,239
Special and Extraordinary Items					
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency			(33,902,636) (b)		
Transfer of loans to housing successor					
Interfund advance restructuring				745,119	
Total Special and Extraordinary Items			(33,902,636)	745,119	
Net Change in fund balances	\$88,215,961	\$2,067,790	(\$43,027,469)	(\$11,445,449)	(\$14,782,989)
Debt service as a percentage of noncapital expenditures	#VALUE!	14.5%	12.3%	8.7%	9.4%

NOTE:

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

(b) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

ITEM F-5 ATTACHMENT 1

Fiscal Year Ended June 30,				
2015	2016	2017	2018	2019
\$46,498,061	\$52,714,540	\$58,042,766	\$60,963,189	\$66,816,032
33,131,486	40,877,125	41,620,189	44,474,973	47,659,481
48,299,958	43,365,249	44,966,489	46,079,755	45,905,937
9,918,447	11,628,519	12,566,579	12,413,127	14,020,347
12,409,625	12,235,483	16,577,695	21,552,883	18,865,730
1,353,518	901,838	1,065,421	1,001,927	964,255
225,529	212,787	422,324	746,525	1,302,922
19,228,997	14,440,543	19,913,858	20,137,593	17,691,976
	12,971,138	5,000,000	9,000,000	9,000,000
13,607,840	13,462,270	15,947,909	17,045,201	16,625,733
954,202	915,860	885,938		
809,113	768,753	839,821	852,940	988,741
1,977,688	4,300,150	5,472,719	4,418,779	2,999,947
188,414,464	208,794,255	223,321,708	238,686,892	242,841,101
29,786,089	31,819,369	36,973,645	44,009,256	42,470,628
90,219,981	94,774,545	95,479,682	96,546,035	99,824,574
25,806,437	25,690,663	30,327,553	35,016,495	37,133,097
4,586,333	4,843,687	6,374,607	8,057,638	5,126,848
10,021,481	10,551,337	10,786,216	11,347,436	12,713,460
2,625,533	3,038,135	7,672,540	1,942,637	3,436,988
8,178,649	8,566,563	3,667,134	10,000,595	5,774,234
7,842,830	9,148,909	9,966,416	11,032,933	12,518,807
13,407,604	12,503,442	11,471,169	10,785,342	10,026,887
	28,554,000			
192,474,937	229,490,650	212,718,962	228,738,367	229,025,523
(4,060,473)	(20,696,395)	10,602,746	9,948,525	13,815,578
12,879,975	12,124,166	18,770,780	14,472,164	19,215,848
(13,815,569)	(12,091,206)	(19,251,041)	(14,868,906)	(19,688,813)
268,927	262,667	181,022	39,226	71,779
11,175,436	28,390,000			
82,880	1,393,619			
10,591,649	30,079,246	(299,239)	(357,516)	(401,186)
			1,208,259	
			1,208,259	
\$6,531,176	\$9,382,851	\$10,303,507	\$10,799,268	\$13,414,392
11.4%	9.8%	10.3%	10.0%	10.2%

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
ASSESSED VALUE ⁽¹⁾										
Land	\$3,541,992	\$3,427,021	\$3,329,164	\$3,216,147	\$3,218,339	\$3,781,609	\$4,186,239	\$4,520,312	\$4,946,654	\$5,423,245
Improvements	8,071,718	6,721,515	7,413,276	9,268,934	7,181,567	8,187,280	8,683,770	9,216,704	9,400,903	10,129,347
Total Real Property	11,613,710	10,148,536	10,742,440	12,485,081	10,399,906	11,968,889	12,870,009	13,737,016	14,347,557	15,552,592
Personal Property	683,995	671,258	681,204	795,573	53,195	460,661	669,634	585,832	\$589,457	\$584,968
TOTAL	\$12,297,705	\$10,819,794	\$11,423,644	\$13,280,654	\$10,453,101	\$12,429,550	\$13,539,643	\$14,322,848	\$14,937,014	\$16,137,560
EXEMPTIONS ⁽²⁾										
Homeowners ^(a)	\$111,793	\$110,280	\$107,571	\$104,144	\$100,680	\$98,456	\$96,539	\$95,052	\$94,266	\$93,219
Other ^(b)	432,140	473,917	495,344	519,976	527,179	587,350	641,475	688,713	760,841	809,325
TOTAL	\$543,933	\$584,197	\$602,915	\$624,120	\$627,859	\$685,806	\$738,014	\$783,765	\$855,107	\$902,544
ASSESSED VALUE										
(Net of Exemptions)	\$11,753,772	\$10,235,597	\$10,820,729	\$12,656,534	\$9,825,242	\$11,743,744	\$12,801,629	\$13,539,083	\$14,081,907	\$15,235,016
Less: Redevelopment Tax Increments ⁽³⁾	1,736,546	1,594,287	1,578,082	1,558,233	1,595,033	1,799,831	2,055,811	2,248,742	2,567,061	2,892,823
NET ASSESSED VALUE	\$10,017,226	\$8,641,310	\$9,242,647	\$11,098,301	\$8,230,209	\$9,943,913	\$10,745,818	\$11,290,341	\$11,514,846	\$12,342,193
NET INCREASE (DECREASE)	(\$1,227,640)	(\$1,375,916)	\$601,337	\$1,855,654	(\$2,868,092)	\$1,713,704	\$801,905	\$544,523	\$224,505	\$827,347
% OF INCREASE (DECREASE)	-10.92%	-13.74%	6.96%	20.08%	-25.84%	20.82%	8.06%	5.07%	1.99%	7.19%
Total Direct Tax Rate⁽⁴⁾	0.40770%	0.41395%	0.40618%	0.38653%	0.41948%	0.41930%	0.43781%	0.43675%	0.43591%	0.43540%

⁽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.

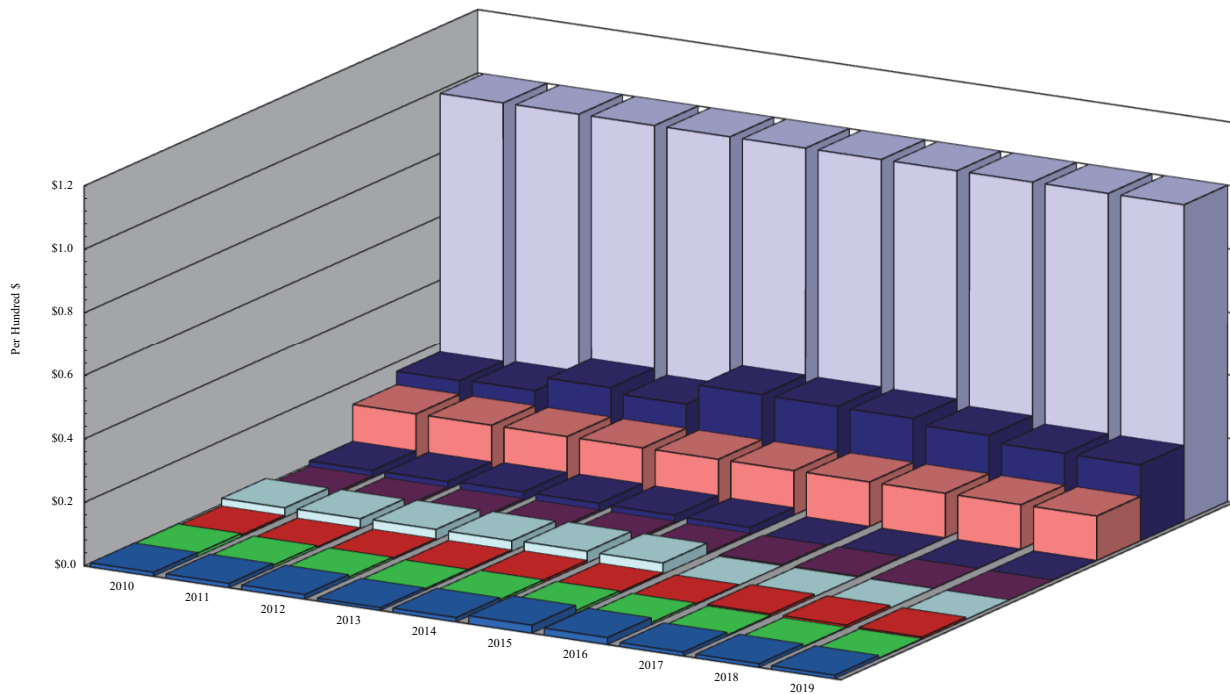
⁽⁴⁾ California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Richmond encompasses more than 92 tax rate areas. See Property Tax Rates statistics for additional information.

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

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ITEM F-5 ATTACHMENT 1

PROPERTY TAX RATES ALL OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS



Fiscal Year	Basic County Wide Levy (1)	City of Richmond 1981 Pension Liability (2)	BART	East Bay Regional Parks District	Acalanes Union	East Bay MUD Dist. 1 Bond	Orinda Elementary	West Contra Costa Unified	Contra Costa Community College	Total Direct & Overlapping Tax Rates (3)
2010	\$1.00000	\$0.14000	\$0.00570	\$0.01080	\$0.02980	\$0.00650	\$0.02360	\$0.18280	\$0.01260	\$1.41180
2011	1.00000	0.14000	0.00310	0.00840	0.03110	0.00670	0.02440	0.18690	0.01330	1.41390
2012	1.00000	0.14000	0.00410	0.00710	0.03330	0.00670	0.02740	0.23220	0.01440	1.46520
2013	1.00000	0.14000	0.00430	0.00510	0.03330	0.00680	0.02730	0.21570	0.00870	1.44120
2014	1.00000	0.14000	0.00750	0.00780	0.03610	0.00660	0.02550	0.28180	0.01330	1.51860
2015	1.00000	0.14000	0.00450	0.00850	0.03500	0.00470	0.02320	0.28030	0.02520	1.52140
2016	1.00000	0.14000	0.00260	0.00670	0.00000	0.00340	0.00000	0.27810	0.02200	1.45280
2017	1.00000	0.14000	0.00800	0.00320	0.00000	0.00280	0.00000	0.26040	0.01200	1.42640
2018	1.00000	0.14000	0.00840	0.00210	0.00000	0.00110	0.00000	0.23970	0.01140	1.40270
2019	1.00000	0.14000	0.00700	0.00210	0.00000	0.00000	0.00000	0.23900	0.01100	1.39910

NOTES:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Voter approved debt.
- (3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (4) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest next taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (5) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California state statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (6) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes the rates reported, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

ITEM F-5
ATTACHMENT 1

City's Share of 1% Levy Per Prop 13 (4)	General Obligation Debt Rate	Redevelopment Rate (5)	Total Direct Rate (6)
\$0.28784	\$0.14000	\$1.15080	\$0.40770
0.28784	0.14000	1.14840	0.41395
0.28784	0.14000	1.14710	0.40618
0.28784	0.14000	0.00000	0.38653
0.28784	0.14000	0.00000	0.41948
0.28784	0.14000	0.00000	0.41930
0.28784	0.14000	0.00000	0.43781
0.28784	0.14000	0.00000	0.43675
0.28784	0.14000	0.00000	0.43591
0.28784	0.14000	0.00000	0.43540

ITEM F-5 ATTACHMENT 1

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

Taxpayer	Type of Business	2018-2019			2009-2010		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA Inc.	Industrial	\$3,813,840,879	1	25.03%	\$3,454,009,811	1	29.39%
Guardian KW Hilltop LLC	Residential	200,534,402	2	1.32%			
LIPT Giant Road Inc.	Industrial	85,760,814	3	0.56%			
Richmond Essex, LP	Residential	78,641,667	4	0.52%	51,960,707	10	0.44%
Kaiser Foundation Hospitals	Industrial	77,422,266	5	0.51%	66,222,720	7	0.56%
Pacific Atlantic Terminals LLC	Industrial	46,630,669	6	0.31%			
Western B Northwest California LLC	Industrial	45,569,520	7	0.30%			
KM Phoenix Holdings LLC	Industrial	45,152,852	8	0.30%			
BRE Piper MF Tides CA LLC	Residential	44,468,801	9	0.29%			
Dicon Fiberoptics Inc	Industrial	43,438,376	10	0.29%			
Richmond Parkway Associates	Commercial				125,115,468	2	1.06%
Berlex Laboratories, Inc.	Industrial				112,147,325	3	0.95%
DDRM Hilltop Plaza LP	Commercial				90,635,277	4	0.77%
Lennar Emerald Marina Shores	Residential				68,993,152	5	0.59%
Praxair, Inc.	Unsecured				67,750,000	6	0.58%
Richmond Associates LLC	Commercial				64,887,534	8	0.55%
Richmond Pinole PT Industrial	Industrial				52,823,250	9	0.45%
Subtotal		<u>\$4,481,460,246</u>		<u>29.42%</u>	<u>\$4,154,545,244</u>		<u>35.35%</u>

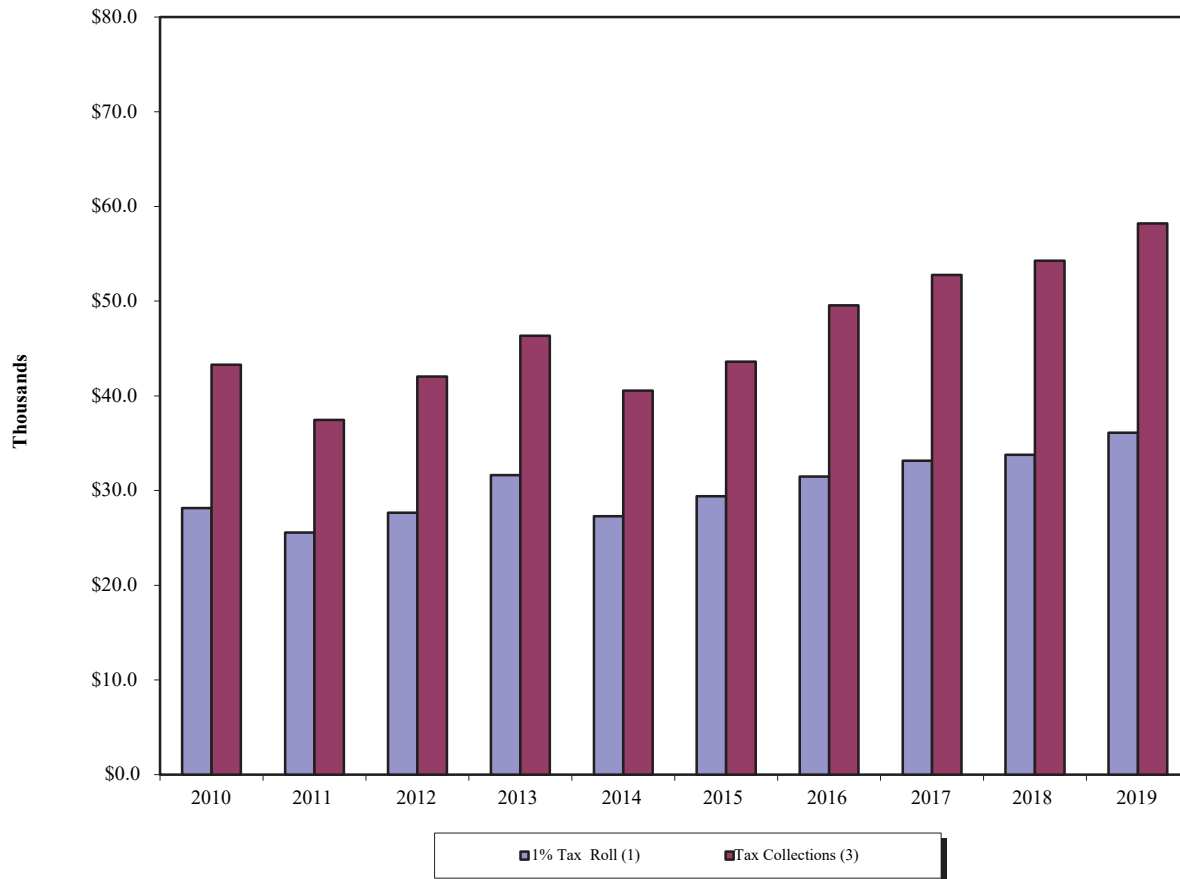
Total Net Assessed Valuation:

Fiscal Year 2018-2019 \$15,235,016,000

Fiscal Year 2009-2010 \$11,753,772,000

Source: Contra Costa County Assessor Fiscal Year Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

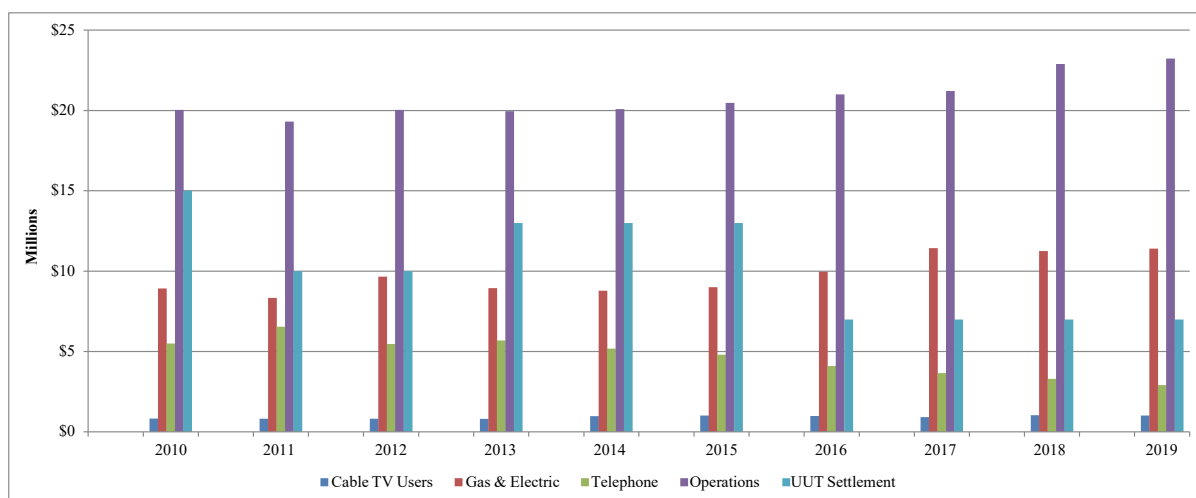


Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2010	\$28,147	\$15,155	\$43,302	100%
2011	25,573	11,900	37,473	100%
2012	27,669	14,377	42,046	100%
2013	31,638	14,718	46,356	100%
2014	27,289	13,267	40,556	100%
2015	29,392	14,225	43,617	100%
2016	31,490	18,071	49,561	100%
2017	33,152	19,618	52,770	100%
2018	33,780	20,481	54,261	100%
2019	36,116	22,078	58,194	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 UTILITY
USERS TAX COLLECTIONS LAST
TEN FISCAL YEARS**



	Fiscal Year Ended June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Cable TV Users	\$835,226	\$824,723	\$810,755	\$809,972	\$983,465	\$1,016,552	\$988,547	\$924,912	\$1,036,854	\$1,025,549
Gas & Electric	8,919,561	8,336,362	9,660,557	8,943,183	8,787,715	9,003,928	9,966,642	11,433,006	11,250,415	11,404,175
Telephone	5,510,933	6,539,983	5,473,445	5,688,505	5,183,418	4,807,499	4,093,128	3,668,092	3,300,001	2,910,450
Operations	20,032,999	19,306,738	20,039,558	19,956,689	20,079,108	20,471,979	21,004,080	21,209,540	22,884,443	23,230,610
UUT Settlement	15,000,000	10,000,000	10,000,000	13,000,000	13,000,000	13,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Prepaid Wireless							312,852	730,939	608,042	335,153
Combined (A)										
	\$50,298,719	\$45,007,806	\$45,984,315	\$48,398,349	\$48,033,706	\$48,299,958	\$43,365,249	\$44,966,489	\$46,079,755	\$45,905,937

NOTES:

(A) Components of collections by type are not available, therefore amount represents total UUT collections for the fiscal year, and these amounts have been excluded from the graph

SOURCE: City of Richmond, Finance Department (Revenue)

CITY OF RICHMOND
UTILITY USERS TAX DIRECT RATES
ON CHARGES FOR SERVICES LAST
TEN FISCAL YEARS (A)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Cable TV Users	5%	5%	5%	5%	5%
Gas & Electric	10%	10%	10%	10%	10%
Telephone	9.50%	9.50%	9.50%	9.50%	9.50%
Operations	(B)	(B)	(B)	(B)	(B)
UUT Settlement	(C)	(C)	(C)	(C)	(C)

NOTES:

- (A) Historical information prior to 2015 is not available.
- (B) Based on the Cap Provision in the City of Richmond Municipal Code
Section 13.52.100 - Maximum Tax Payable of the Richmond Municipal Code.
- (C) Annual amount is per agreement signed by a Major Taxpayer and the City in 2010.

SOURCE: City of Richmond, Finance Department (Revenue)

**CITY OF RICHMOND
TOP TEN UTILITY USERS TAXPAYERS
(ALPHABETICAL ORDER) Current Year
(A)**

Taxpayer	Type of Business (B)
Chevron	Industrial
PG&E	Utility
Marin Clean Energy	Utility
Comcast	Cable
New Cingular Wireless	Telecommunications
Pacific Bell Telephone Co	Telecommunications
GTE Mobilnet of California LTD	Telecommunications
Comcast Phone of CA	Telecommunications
Constellation New Energy	Utility
MetroPCS California LLC	Telecommunications

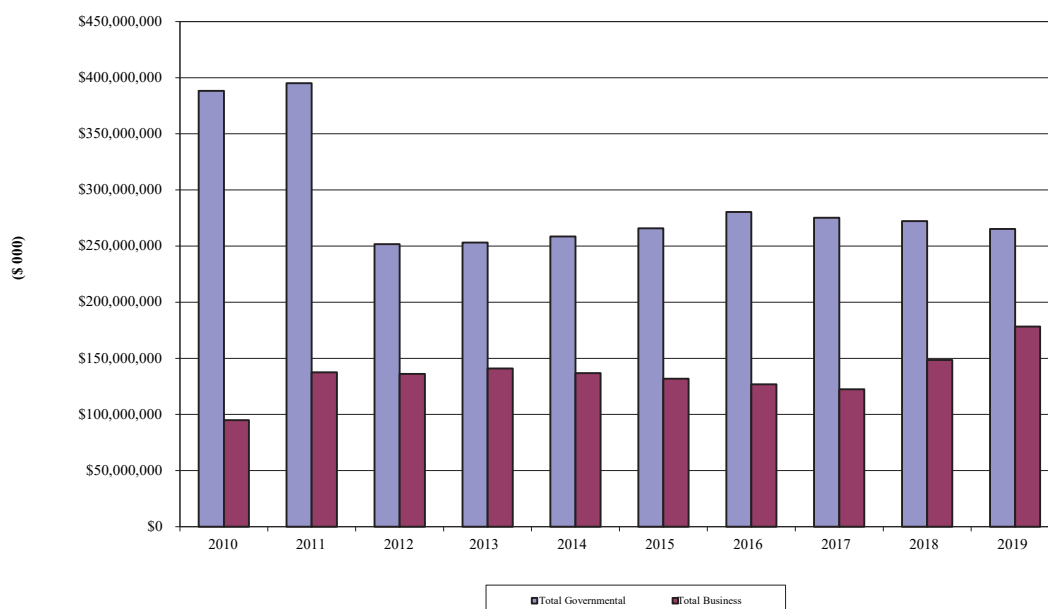
NOTES:

(A) Information for 2010 is not available.

(B) Revenue base information by taxpayer is confidential.

SOURCE: City of Richmond, Finance Department (Revenue)

CITY OF RICHMOND
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total
2010	\$130,953,999	\$152,059,727	\$88,271,545	\$10,460,463	\$6,536,310	\$388,282,044
2011	125,899,530	153,589,314	87,906,545	20,723,084	7,022,284	395,140,757
2012	(B)	155,060,554	87,526,545	635,646	8,523,072	251,745,817
2013	(B)	156,483,676	87,121,545	1,231,880	8,269,494	253,106,595
2014	(B)	157,555,624	87,121,545	2,631,887	11,186,685	258,495,741
2015	(B)	156,491,679	87,121,545	12,970,813	9,295,123	265,879,160
2016	(B)	155,070,539	115,218,619	2,143,560	7,944,891	280,377,609
2017	(B)	153,058,033	113,275,266	1,993,820	6,872,843	275,199,962
2018	(B)	150,485,289	111,241,920	1,844,775	8,650,840	272,222,824
2019	(B)	147,275,826	109,098,574	1,287,277	7,640,339	265,302,016

Business-Type Activities							
Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2010	\$41,416,658	\$49,015,199	\$4,501,732	\$94,933,589	\$483,215,633	19.08%	\$4,620
2011	84,893,408	48,683,747	4,016,617	137,593,772	532,734,529	21.12%	5,043
2012	84,246,892	48,252,294	3,516,009	136,015,195	387,761,012	15.26%	3,697
2013	90,096,593 (C)	47,834,187	3,007,372	140,938,152	394,044,747	15.06%	3,733
2014	89,012,056	44,944,399	2,935,889	136,892,344	395,388,085	14.54%	3,725
2015	86,867,520	41,984,610	2,861,189	131,713,319	397,592,479	14.68%	3,737
2016	84,637,983	39,354,875	2,783,127	126,775,985	407,153,594	14.84%	3,689
2017	82,313,447	36,588,791	3,401,553	122,303,791	397,503,753	14.21%	3,556
2018	111,698,772	33,587,707	3,316,308	148,602,787	420,825,611	14.41%	3,765
2019	144,811,738	30,331,623	3,227,227	178,370,588	443,672,604	14.65%	4,028

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

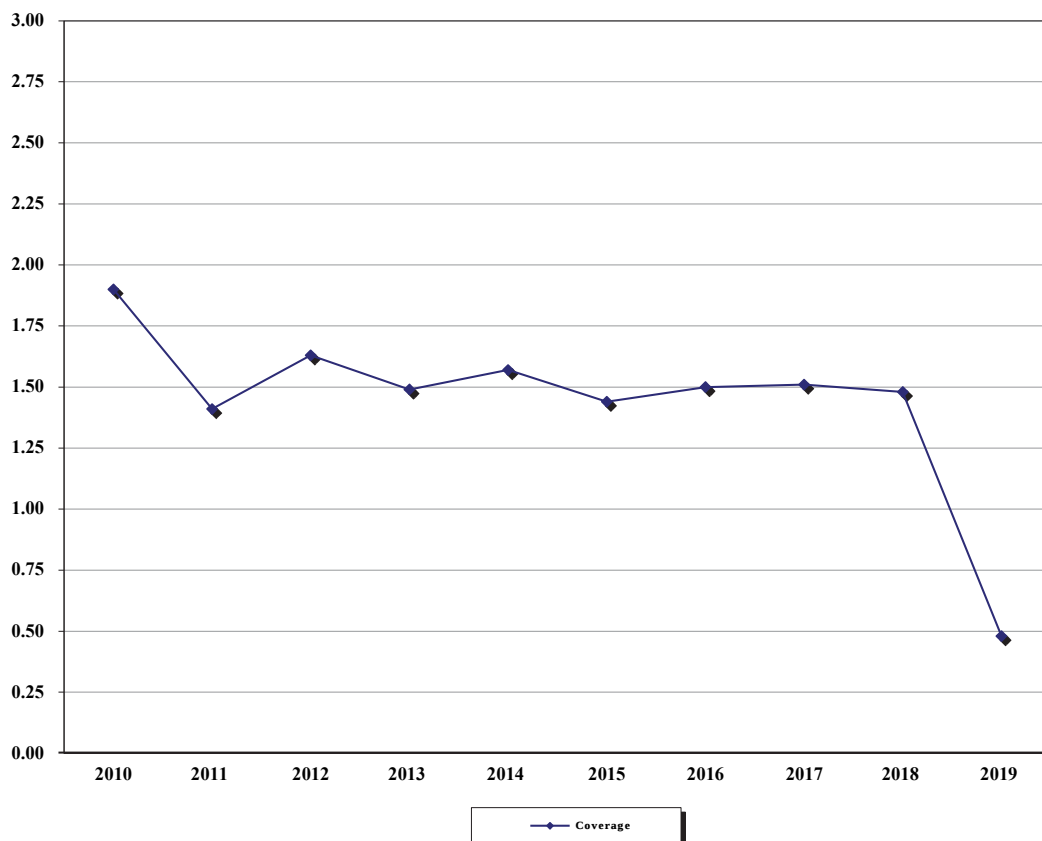
(A) See Demographic Statistics for personal income and population data.

(B) Due to the dissolution of the Redevelopment Agency, the Tax Allocation Bonds and the Loans and Notes Payable that were related to the Redevelopment Agency were transferred to the Successor Agency as of February 1, 2012 and are no longer governmental commitments.

(C) With the implementation of GASB Statement No. 65, the deferred amount on refunding previously reported as a component of the long-term debt balance is not reported as a deferred inflows of resources.

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

**CITY OF RICHMOND
REVENUE BOND COVERAGE
1999, 2006, 2008, 2010A, 2010B, 2017A, 2019A and 2019B WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**

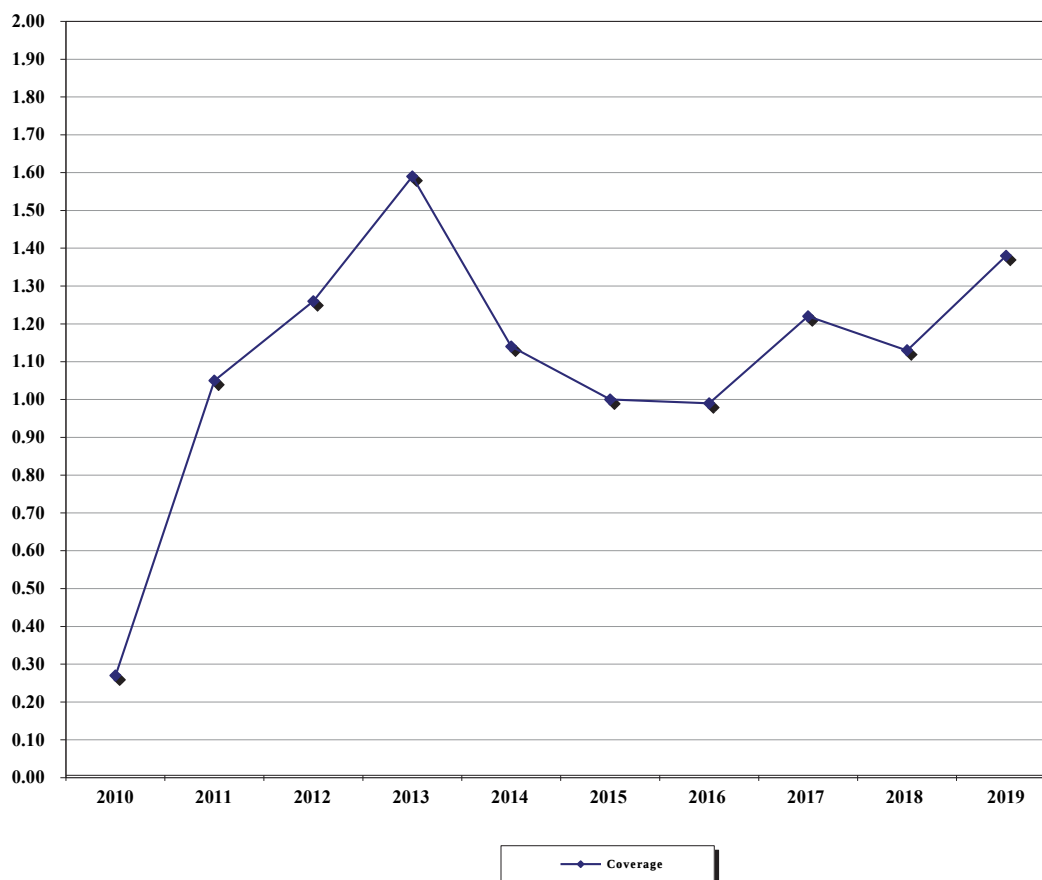


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	\$16,075,782	\$10,362,653	\$5,713,129	\$865,000	\$2,146,974	\$3,011,974	1.90
2011	17,399,624	9,154,788	8,244,836	905,000	4,943,042	5,848,042	1.41
2012	17,697,208	8,956,411	8,740,797	975,000	4,399,406	5,374,406	1.63
2013	17,840,042	9,447,236	8,392,806	1,005,000	4,613,635	5,618,635	1.49
2014	18,569,191	9,734,277	8,834,914	1,055,000	4,560,528	5,615,528	1.57
2015	19,098,835	9,524,878	9,573,957	2,115,000	4,536,302	6,651,302	1.44
2016	19,843,677	9,954,037	9,889,640	2,200,000	4,393,375	6,593,375	1.50
2017	20,880,739	10,831,250	10,049,489	2,295,000	4,344,233	6,639,233	1.51
2018	23,752,946	11,885,819	11,867,127	2,400,000	5,599,008	7,999,008	1.48
2019	29,993,700	10,647,739	19,345,961	35,240,000	5,286,578	40,526,578	0.48 (3)

- Notes:
- (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
 - (2) Includes all Municipal Sewer Operating Expenses less Depreciation and Pension and OPEB Expense related to GASB Statements 68 and 75.
 - (3) Includes the current refunding of the 2008A Wastewater Revenue Refunding Bonds

Source: City of Richmond Annual Financial Statements

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

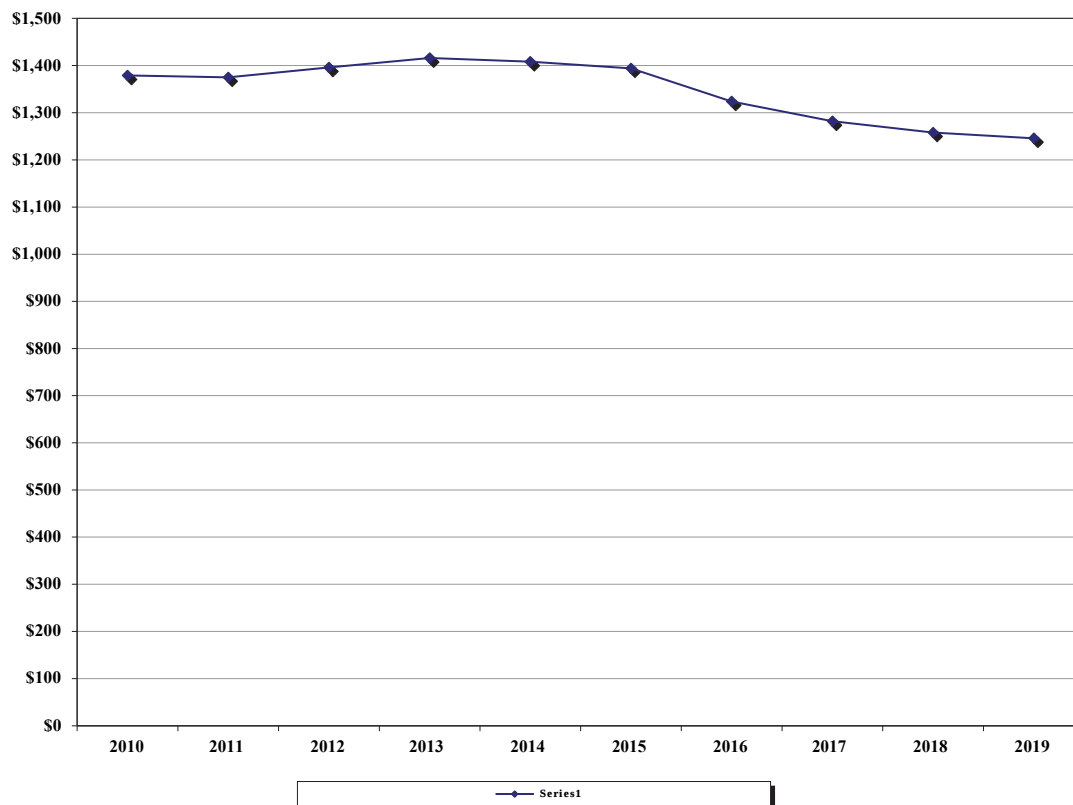


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	\$4,334,422	\$3,007,455	\$1,326,967	\$3,270,000	\$1,671,265	\$4,941,265	0.27
2011	6,357,466	2,035,968	4,321,498	405,000	3,728,541	4,133,541	1.05
2012	7,822,496	2,931,799	4,890,697	505,000	3,381,546	3,886,546	1.26
2013	9,138,193	2,964,060	6,174,133	525,000	3,348,154	3,873,154	1.59
2014	10,280,894	3,189,866	7,091,028	2,955,000	3,255,221	6,210,221	1.14
2015	9,481,315	3,380,916	6,100,399	3,025,000	3,077,165	6,102,165	1.00
2016	10,081,074	4,533,796	5,547,278	2,723,455	2,869,343	5,592,798	0.99
2017	10,194,121	3,522,216	6,671,905	2,830,000	2,641,797	5,471,797	1.22
2018	10,633,233	4,450,592	6,182,641	3,065,000	2,393,977	5,458,977	1.13
2019	10,783,561	3,289,965	7,493,596	3,320,000	2,126,229	5,446,229	1.38

Notes: (1) Includes all Port of Richmond Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
(2) Includes all Port of Richmond Operating Expenses, less Depreciation and Pension and OPEB Expense related to GASB Statements 68 and 75.

Source: City of Richmond Annual Financial Statements

CITY OF RICHMOND
GENERAL BONDED DEBT
PENSION OBLIGATION BONDS (1)
LAST TEN FISCAL YEARS

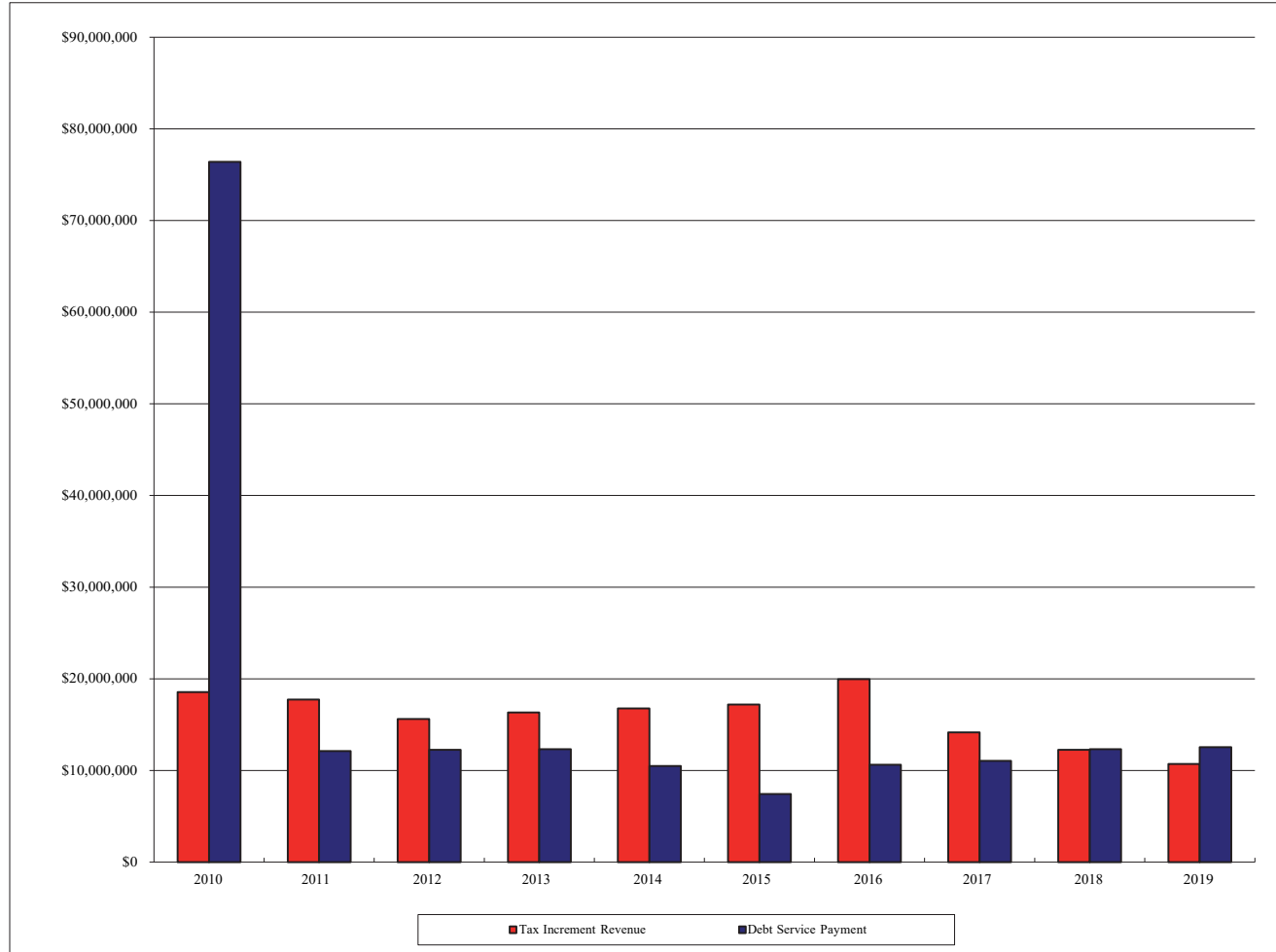


Fiscal Year	Bonds Outstanding	Restricted Cash and Investments (2)	Net Bonds Outstanding	Net Assessed Value of Property	Ratio of General Bonded Debt to Net Assessed Value of Property	Net General Bonded Debt per Capita
2010	\$152,059,727	\$7,841,951	\$144,217,776	\$10,017,226,000	1.44%	\$1,379
2011	153,589,314	8,314,362	145,274,952	8,641,310,346	1.68%	1,375
2012	155,060,554	8,617,952	146,442,602	9,242,647,000	1.58%	1,396
2013	156,483,676	7,054,942	149,428,734	11,098,301,000	1.35%	1,416
2014	157,555,624	8,089,647	149,465,977	8,230,209,000	1.82%	1,408
2015	156,491,679	8,148,121	148,343,558	9,943,913,000	1.49%	1,394
2016	155,070,539	8,936,523	146,134,016	10,745,818,000	1.36%	1,324
2017	153,058,033	9,777,863	143,280,170	11,290,341,000	1.27%	1,282
2018	150,485,289	9,844,431	140,640,858	11,514,846,000	1.22%	1,258
2019	147,275,826	10,041,550	137,234,276	12,342,193,000	1.11%	1,246

Note: (1) Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.
(2) Restricted cash is being held with the City's fiscal agent, Union Bank, and is restricted for the payment of the bonds.

Source: City of Richmond Annual Financial Statements

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



Fiscal Year	Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2010	\$18,559,284	\$69,170,000 (2)	\$7,220,349	\$76,390,349	0.24
2011	17,743,295	6,225,000	5,905,703	12,130,703	1.46
2012	15,619,530 (3) (4)	6,285,000	5,972,529	12,257,529	1.27
2013	16,320,481 (4)	6,565,000	5,754,825	12,319,825	1.32
2014	16,776,169 (4)	5,030,000	5,461,989	10,491,989	1.60
2015	17,206,306 (4)	2,930,000	4,500,409	7,430,409	2.32
2016	19,953,198 (4)	6,180,000	4,445,674	10,625,674	1.88
2017	14,156,746 (4)	6,395,000	4,653,678	11,048,678	1.28
2018	12,255,069 (4)	7,575,000	4,746,564	12,321,564	0.99
2019	10,714,239 (4)	7,895,000	4,662,021	12,557,021	0.85

Note: (1) Includes the 1991, 1998, 2000, 2003, 2004, 2007, 2010 and 2014 Bonds.
(2) Includes current refunding of the 2007 Bonds of \$64,275,000.
(3) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
(4) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

Source: City of Richmond Annual Financial Statements

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2019

2018-2019 Assessed Valuation: \$15,328,234,094

	Total Debt June 30, 2019	% Applicable (1)	City's Share of Debt June 30, 2019
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit District	\$809,660,000	2.040%	\$16,517,064
Contra Costa Community College District	397,065,000	7.501%	29,783,846
West Contra Costa Unified School District	1,124,506,606	47.843%	537,997,696
West Contra Costa Healthcare District Parcel Tax Obligations	52,857,000	44.676%	23,614,393
East Bay Regional Park District	178,710,000	3.230%	5,772,333
City of Richmond Community Facilities District No. 1998-1	2,360,000	100%	2,360,000
City of Richmond 1915 Act Bonds	7,730,000	100%	7,730,000
California Statewide Community Development Authority 1915 Act Bonds	1,624,357	100%	1,624,357
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			625,399,689
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	\$261,890,558	7.475%	19,576,319
Contra Costa County Pension Obligation Bonds	122,585,000	7.475%	9,163,229
Alameda-Contra Costa Transit District Certificates of Participation	11,465,000	6.184%	708,996
West Contra Costa Unified School District Certificates of Participation	9,175,000	47.843%	4,389,595
City of Richmond General Fund Obligations	138,325,000	100%	138,325,000
City of Richmond Pension Obligations Bonds	75,314,501	100%	75,314,501
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			247,477,640
Less: Contra Costa County general fund obligations supported by revenue funds			7,681,988
City of Richmond obligations supported by port revenues			30,430,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			209,365,652
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$66,388,996	100%	66,388,996
TOTAL GROSS DIRECT DEBT			\$213,639,501
TOTAL NET DIRECT DEBT			\$183,209,501
TOTAL GROSS OVERLAPPING DEBT			\$725,626,824
TOTAL NET OVERLAPPING DEBT			\$717,944,836
GROSS COMBINED TOTAL DEBT			\$939,266,325 (2)
NET COMBINED TOTAL DEBT			\$901,154,337

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Total Net Overlapping Tax and Assessment Debt 4.08%

Ratios to Adjusted Assessed Valuation:

Gross Combined Direct Debt (\$213,639,501) 1.39%
Net Combined Direct Debt (\$183,209,501) 1.20%
 Combined Total Debt 6.13%
 Net Combined Total Debt 5.88%

Ratios to Successor Agency Redevelopment Incremental Valuation (\$2,892,822,638):

Total Overlapping Tax Increment Debt 2.29%

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor, City of Richmond Finance Department

**CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2018**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$15,235,016,000

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$571,313,100

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

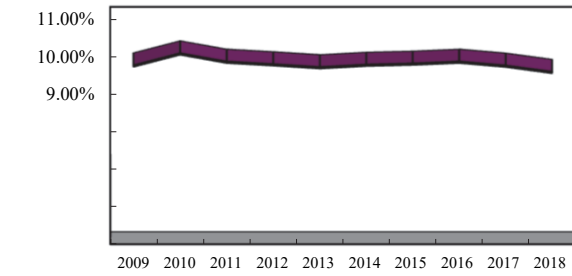
LEGAL BONDED DEBT MARGIN	\$571,313,100

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
2009	\$440,766,450	\$0	\$440,766,450	0.00%
2010	383,834,888	0	383,834,888	0.00%
2011	405,777,338	0	405,777,338	0.00%
2012	474,620,025	0	474,620,025	0.00%
2013	368,446,575	0	368,446,575	0.00%
2014	440,390,400	0	440,390,400	0.00%
2015	480,061,088	0	480,061,088	0.00%
2016	507,715,613	0	507,715,613	0.00%
2017	528,071,513	0	528,071,513	0.00%
2018	571,313,100	0	571,313,100	0.00%

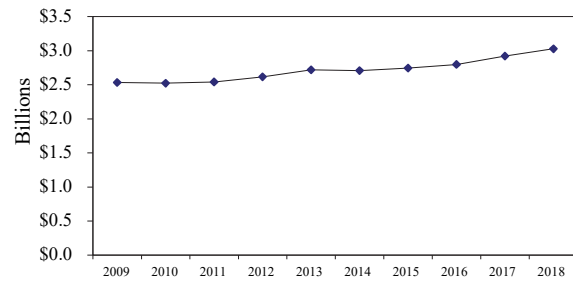
NOTE:

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

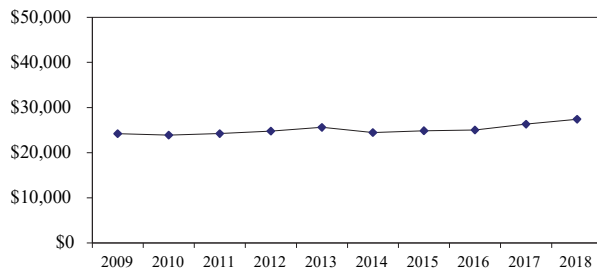
**CITY OF RICHMOND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**



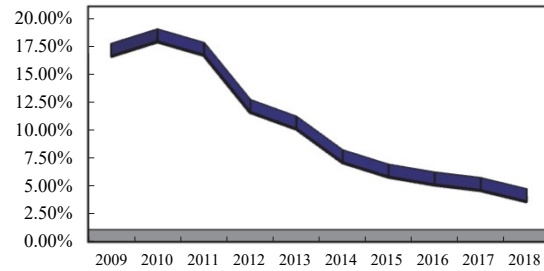
■ City Population % of County Population



◆ Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate

Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2009	104,602	\$2,532,776,000	\$24,213	16.6%	1,073,055	9.75%
2010	105,630	2,522,550,000	23,881	17.9%	1,049,025	10.07%
2011	104,887	2,540,888,000	24,225	16.7%	1,065,117	9.85%
2012	105,562	2,615,932,000	24,781	11.6%	1,079,597	9.78%
2013	106,138	2,718,619,000	25,614	10.1%	1,094,205	9.70%
2014	106,388	2,707,894,000	24,453	7.1%	1,089,291	9.77%
2015	110,378	2,743,560,000	24,856	5.8%	1,126,745	9.80%
2016	111,785	2,797,360,000	25,024	5.1%	1,135,127	9.85%
2017	111,785	2,920,370,000	26,317	4.6%	1,147,439	9.74%
2018	110,146	3,027,471,000	27,413	3.6%	1,150,215	9.58%

Source: HdL, Coren & Cone

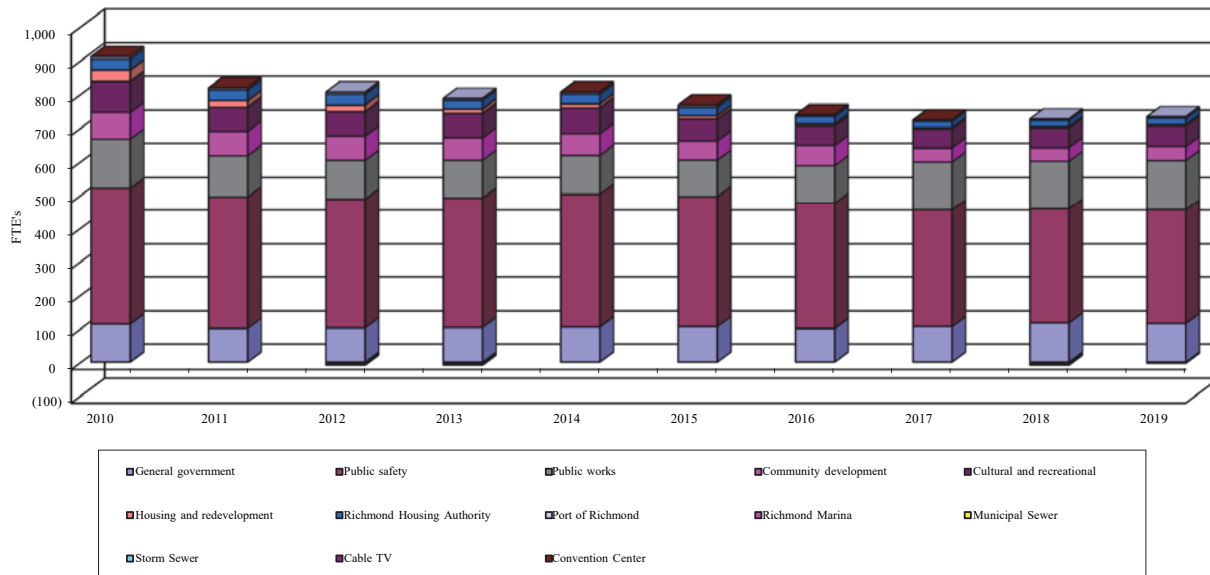
ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>2018-2019</u>			<u>2009-2010</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron Refinery	3,443	1	3.5%	1,950	2	1.9%
West Contra Costa Unified School District	1,658	2	1.7%	2,568	1	2.5%
Social Security Administration	1,259	3	1.3%			
Amazon.com Services	1,257	4	1.3%			
Blue Apron, Inc.	1,201	5	1.2%			
U.S. Postal Service	1,047	6	1.1%	294	7	0.3%
City of Richmond	865	7	0.9%	911	3	0.9%
Contra Costa County	844	8	0.9%			
The Permanente Medical Group	854	9	0.9%			
Kaiser Foundation Hospitals	507	10	0.5%	600	4	0.6%
Sunpower Corporation				500	5	0.5%
Pacific Gas & Electric				299	6	0.3%
Richmond Health Center				250	8	0.2%
Target				245	9	0.2%
Galaxy Desserts				190	10	0.2%
Subtotal	<u>12,935</u>		<u>13.1%</u>	<u>7,807</u>		<u>7.5%</u>
Total City Day Population	<u>98,760</u>			<u>104,602</u>		

Source: City of Richmond Community Development Department

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



Adopted for Fiscal Year Ended June 30										
Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	113.2	100.2	101.7	102.9	104.4	105.2	99.8	105.4	116.5	114.7
Public safety	407.0	394.0	386.0	388.0	398.0	390.0	375.5	349.0	341.0	340.0
Public works	146.0	123.0	116.0	113.0	116.0	109.0	112.0	144.0	143.0	148.0
Community development	80.0	72.0	71.0	66.0	64.0	56.0	59.5	41.0	40.0	41.0
Cultural and recreational	91.2	72.2	73.8	73.2	76.8	66.0	59.0	57.0	59.1	61.7
Housing and redevelopment	34.0	19.0	19.6	13.0	12.0	10.0	5.9	3.8	3.8	3.8
Richmond Housing Authority and RHA Properties	33.0	32.0	32.0	25.0	29.0	25.0	23.0	19.0	19.0	20.0
Port of Richmond	7.0	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0	4.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Convention Center	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Total	911.4	818.4	806.1	787.1	806.2	767.2	738.7	723.2	726.4	733.2

Source: City of Richmond Budget

Notes:

- (1) These services are provided by outside contractors.
- (2) Convention Center closed during renovation and staff moved under cultural and recreational.
- (3) Staff that perform these functions are included under General Government and Cultural and Recreational.

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND Operating Indicators by Function/Program Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Public safety:										
Fire:										
Fire calls for service	11,723	12,237	12,770	12,868	12,988	13,670	14,497	14,372	14,375	13,900
Primary fire inspections conducted	5,752	5,055	1,071	2,716	3,000	1,569	1,134	1,160	5,378	3,929
Number of firefighters	109	83	85	93	85	94	91	90	91	90
Number of firefighters and civilians per thousand population	1.0	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Police:										
Number of police officers per thousand population	1.9	1.7	1.8	1.8	1.7	1.8	1.7	1.6	1.6	1.6
Number of sworn officers	200	188	191	195	186	196	185	182	178	178
Water										
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	250	250

Source: City of Richmond

ITEM F-5 ATTACHMENT 1

CITY OF RICHMOND Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Public safety:										
Fire stations	7	7	7	7	7	7	7	7	7	7
Police stations	6	4	4	4	4	4	4	4	4	4
Library (#) of Locations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	280	280	280	280	280	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	6,543	8,343	8,543	9,000	9,000	9,000
Urban Forest (trees) (a)	40,757	41,293	41,562	26,000	21,609	22,009	35,620	35,782	36,231	36,499
Culture and recreation:										
Community services:										
City parks	55	55	55	55	55	55	55	55	55	55
City parks acreage	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1	1	1	1	1	1
Recreation centers	8	8	8	8	8	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Senior centers	2	2	2	2	2	2	2	2	2	2
Headstart centers/day cares	6	6	6	6	6	6	6	6	6	6
Putting green	1	1	1	1	1	1	1	1	1	1
Basketball courts	28	28	28	28	28	28	28	28	28	28
Swimming pools	1	2	2	2	2	2	2	2	2	2
Tennis courts	20	20	20	20	20	20	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Cricket fields	2	2	2	2	2	2	2	2	2	2
Water										
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153
Wastewater										
Miles of sanitary sewers	183	183	183	183	183	183	183	183	183	230
Miles of storm sewers	310	310	310	310	310	310	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32	32	32	32	32	32

Source: City of Richmond

(a) Trees managed by the City for 2013 to present.

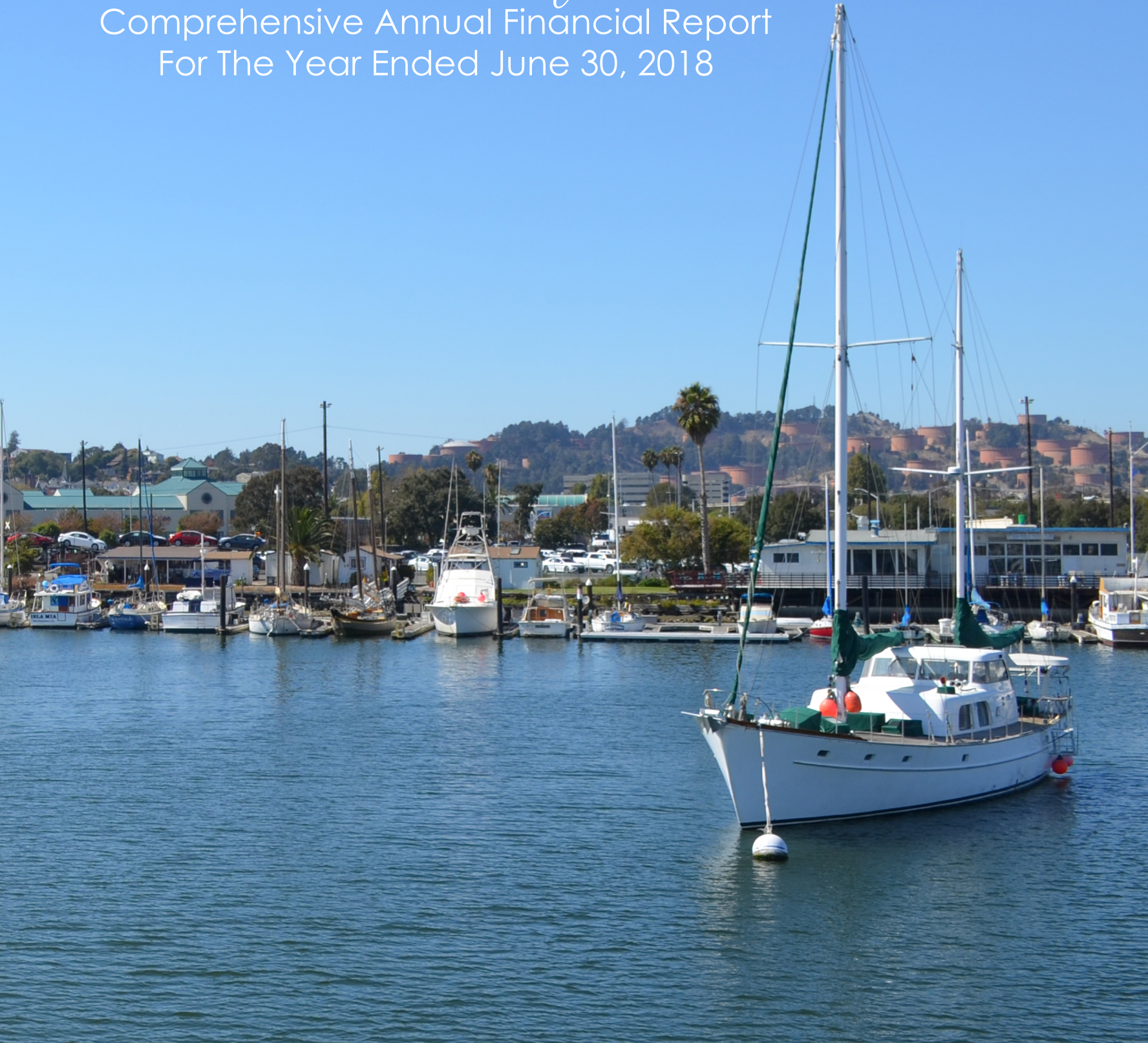
Data Prior to 2013 includes trees managed by other entities, such as East Bay Regional Park District, National Parks and Privately owned.

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Richmond California

Comprehensive Annual Financial Report
For The Year Ended June 30, 2018



ITEM F-5
ATTACHMENT 2

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City of Richmond
California

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2018

Prepared by the Finance Department

Belinda Warner
Finance Director/Treasurer

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CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

ATTACHMENT 2

FISCAL YEAR ENDED JUNE 30, 2018

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CITY OF RICHMOND
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FINANCE DEPARTMENT



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

May 17, 2019

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, 2018, 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 aspects.

The City Council is required to adopt an initial budget for the fiscal year 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 City Council. 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.

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, 2018, 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 unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2018, but with a disclaimer of opinion for business-type activities as it relates to the Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units, as the financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2018. The Independent Auditors' Report is presented as the first component of the Financial Section of this report.

Accounting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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 three discretely presented component units are RHA Properties, RHA Housing Corporation and RHA RAD LLC. 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 Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, the Richmond Surplus Property Authority and Harbor Navigation, Country Club Vista and Atlas Interchange Special Assessment Districts. The City also has one inactive component unit, Richmond Parking Authority.

Profile of the Government

The City of Richmond was chartered as a city in 1909, and is located 16 miles northeast of San Francisco, directly across San Francisco Bay. Richmond is on a peninsula separating San Francisco Bay (on the south) and San Pablo Bay (to the north), spanning 32 total miles of shoreline. The City's total area is 56.1 square miles, 33.8 of which is land area and 22.3 water area. Richmond is situated near major metropolitan cities and major new growth areas. San Francisco is within 35 minutes from Richmond by freeway; Oakland is 20 minutes; San Jose is approximately one hour's drive to the south and Sacramento, the state capitol, is approximately 90 minutes to the east. Central Marin County is 15 minutes from Richmond directly across the Richmond-San Rafael Bridge. Freeways provide direct access from Richmond to major new growth areas along Interstate 80 north and east to Vallejo, Fairfield and Sacramento; along Interstate 680 in central Contra Costa County; and south along Interstate 880 to the San Jose area.

Richmond's population is 111,785. The population within a 30-mile radius of Richmond is over 3.7 million, and within a 70-mile radius is approximately 7.8 million. Richmond is located on the western shore of Contra Costa County, and is the largest city in the "West County" region consisting of five cities: Richmond, El Cerrito, San Pablo, Hercules and Pinole.

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

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

The mission of the City of Richmond is:

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

Factors Affecting Financial Condition

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

Local economy

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

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

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

Small business firms, with 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 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, 2018 include the following:

Community Services

- Over 35,000 people participated in recreation, aquatics, sports and wellness programs.

Information Technology

- Completed implementation of Tyler transparency module which brings data from MUNIS (our financial software) into a central repository that can be easily accessed and understood by any level of user.

Office of Neighborhood Safety (ONS)

- ONS completed its 5th 18-month Operation Peacemaker Fellowship Cohort with 22 Fellows.

Planning and Building Services

- Secured funding for park improvements, Bay Trail improvements and complete street improvements.

Public Safety

- The Richmond Police Department completed its Fourth Cohort of "The Community Safety Academy (CSA)." The CSA teaches methods of practice civilians can use to make criminal victimization less likely, while also providing residents with a behind the scenes look at police operations. The program is eight weeks long.
- Fire implemented new emergency and informational communication methods with community (Nixle, Next Door and Twitter).

Strategic Support

- Received the Distinguished Budget Presentation Award for fiscal year 2017-18 from the Government Finance Officers Association (GFOA).
- Received the California Society of Municipal Finance Officers (CSMFO) Operating Budget Excellence Award and Capital Budgeting Excellence Award the fiscal year 2017-18.

Long-Term Financial Plan

- Adhered to the Debt Policy which reflects general debt service cannot exceed 10% of General Fund Revenue.
- Increased Cash Reserve Policy from 7% to 15%

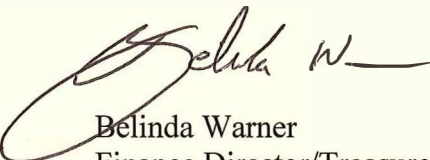
ACKNOWLEDGEMENTS

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.

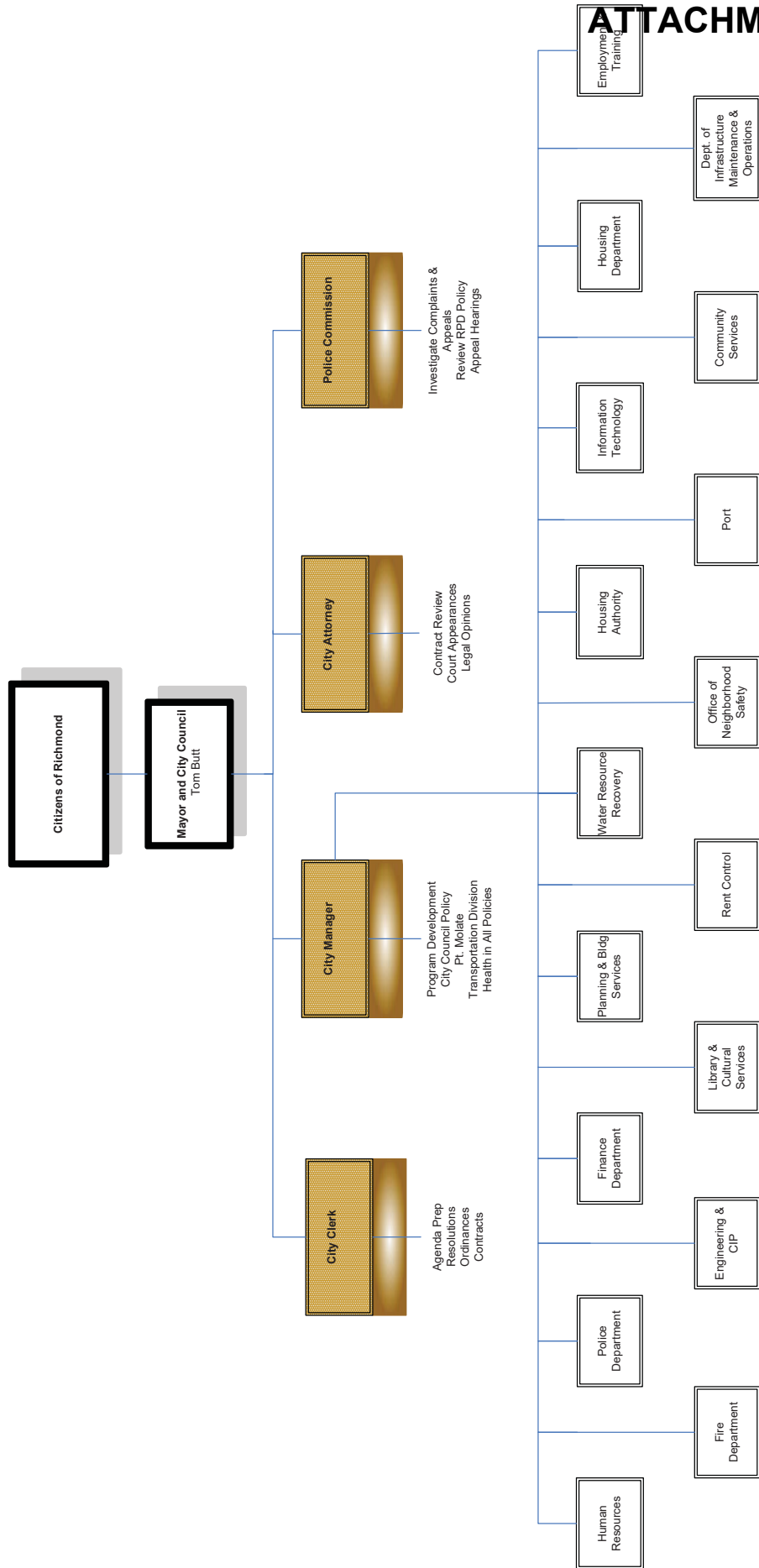
Respectfully submitted,



Belinda Warner
Finance Director/Treasurer



City of Richmond
FY2017-18 Organizational Chart



CITY OFFICIALS

JUNE 26, 2018

CITY COUNCIL

Mayor Tom Butt
Vice Mayor Melvin Willis
Councilmember Jovanka Beckles
Councilmember Ben Choi
Councilmember Eduardo Martinez
Councilmember Jael Myrick
Councilmember Ada Recinos

ADMINISTRATION AND DEPARTMENT HEADS

City Manager Bill Lindsay
Capital Improvement Director Yader Bermudez
City Attorney Bruce Goodmiller
City Clerk Pamela Christian
Community Services Director Rochelle Monk
Employment & Training Director Sal Vaca
Finance Director/Treasurer Belinda Warner
Fire Chief Adrian Sheppard
Housing Authority Director Vacant
Human Resources Director Lisa Stephenson
Information Technology Director Sue Hartman
Infrastructure Maintenance & Operations Director Tim Higaes
Library and Cultural Services Director Katy Curl
Planning Director Richard Mitchell
Police Chief Allwyn Brown
Port Director Jim Matzorkis
Rent Control Executive Director Nicolas Traylor
Water Resource Recovery Manager Ryan Smith

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Richmond, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Richmond, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements. We were engaged to audit the financial statements of the aggregate discretely presented component units. These financial statements collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 about whether the financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the business-type activities, Richmond Housing Authority Enterprise Fund and the aggregate discretely presented component units.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the "Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units" paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
Community Development and Loan Programs Special Revenue	Unmodified
Major Enterprise Funds:	
Richmond Housing Authority	Disclaimer
Port of Richmond	Unmodified
Municipal Sewer	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units

The financial statements of the Richmond Housing Authority and RHA Properties, RHA Housing Corporation and RHA RAD LLC have not been audited for the year ended June 30, 2018. The Richmond Housing Authority's financial activities are included in the City's basic financial statements as a major enterprise fund and represent 14.65%, 30.92% and 40.67% of the assets, net position, and revenues, respectively, of the City's business-type activities. The financial activities of RHA Properties, RHA Housing Corporation and RHA RAD LLC are included in the City's financial activities as discretely presented component units and represent the City's only discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities, Richmond Housing Authority Enterprise Fund and the Aggregate Discretely Presented Component Units of the City. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, the Community Development and Loan Programs Special Revenue Fund, the Port of Richmond Enterprise Fund, the Municipal Sewer Enterprise Fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

General Fund Cash and Fund Balance and Other Funds Cash Balances

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the City as a going concern. However, as of June 30, 2018, the General Fund's unrestricted cash balance represented approximately thirty-five days of General Fund expenditures, unassigned fund balance represents available fund balance and equates to approximately forty days of General Fund expenditures. In addition, the Richmond Housing Authority Enterprise Fund, Port of Richmond Enterprise Fund, other Non-Major Enterprise Funds and Non-Major Governmental Funds had borrowed \$32.9 million from the General Fund and other funds. As a result of the interfund borrowing, City-wide, the City has a total of only \$36.6 million of unrestricted cash as of June 30, 2018. If deficit spending continues in the funds that continue to borrow from the General Fund and other funds, it reduces the likelihood that the City will be able to continue as a going concern.

The emphasis of this matter does not constitute a modification to our opinions.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 9E.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2019, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maye & Associates

Pleasant Hill, California
May 17, 2019

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2018**

This narrative overview and analysis of the City of Richmond's (the "City") Basic Financial Statements for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased by \$2.1 million during the fiscal year attributed to a \$4.7 million decrease in governmental and \$2.6 million increase in business-type activities, after restatement.
- The liabilities and deferred inflows of the governmental activities of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$316.3 million (net deficit). Alternatively, the assets and deferred outflows of the business-type activities of the City exceeded its liabilities and deferred inflows by \$49.8 million.
- At June 30, 2018, the City's unrestricted net deficit (governmental and business-type activities) totaled \$652.9 million, a \$120 million or 24% decrease from prior year after the GASB 75 restatement. The unrestricted net deficits represent the net unfunded liabilities of the government. Over time, increases and decreases in this account will allow the reader to determine if the City's condition is improving or deteriorating. Restricted net position for governmental and business-type activities increased by a net \$10.6 million to \$96.9 million.
- The City's financial statements include a disclaimer of opinion on the financial statements of the Richmond Housing Authority Enterprise Fund ("RHA"), a blended component unit included in the City's business-type activities, and three discretely presented component units, RHA Properties, RHA Housing Corporation and RHA RAD LLC. As of June 30, 2018, the net position of RHA is \$15.4 million or 31% of the City's business-type activities. Additional information about the disclaimer of opinion can be found in the Independent Auditor's Report.
- The City's General Fund contingency reserve policy increased to the minimum 15% of the General Fund's next year's budgeted appropriations or \$23.3 million and the balance was \$17.5 million at June 30, 2018.
- The Net Pension Liability of \$340.8 million, representing an accounting measure of the City's unfunded pension obligation, increased by \$42.2 million from \$298.6 million. The City reports \$187.7 million in the Other Post-Employment Benefit (OPEB) liability for this fiscal year which is an increase of \$132.2 million from the \$55.5 million obligation reported in the prior year. The increase represents the current year implementation of the GASB Statement No. 75. During fiscal 2018, the City issued \$33.5 million of Wastewater revenue bonds, series 2017A to refund the 2006A bond.
- The City's General Fund revenue and other financing sources (uses) exceeded expenditures by \$214 thousand in fiscal year 2018. This is primarily attributable to tax and service fee revenues in excess of expectations for the year.

- Prior to the restatement, the City's total government-wide net position decreased by \$127 million in fiscal year 2018, a 48% percent decrease, primarily due to the implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

OVERVIEW OF FINANCIAL STATEMENTS

The City's basic financial statements are comprised of government-wide financial statements, fund financial statements, and 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.

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

The *Statement of Activities* presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and grants, governmental activities, and business-type activities, which are intended to recover all or a significant portion of their costs through user fees and charges. The City's activities include five blended component units which consist of the Richmond Housing Authority, Richmond Joint Powers Financing Authority, Richmond Neighborhood Stabilization Corporation, Richmond Surplus Property Authority and Richmond Parking Authority. Although legally separate, the City is financially accountable for the activities of these entities which are therefore shown as blended as part of the primary government.

RHA Properties, RHA Housing Corporation and RHA RAD LLC are discretely presented component units of the City that are legally separate reporting entities but are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 20-23 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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – Governmental funds 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 governmental 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 the comparison between governmental funds and governmental activities.

The City has 20 governmental funds, of which two 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 two major funds are the General Fund and the Community Development and Loan Programs Special Revenue Fund. The basic governmental fund financial statements can be found on pages 26-29 of the financial report. Data from the other eighteen governmental funds are combined into a single, aggregated presentation and separately on pages 174-187 of the financial report.

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 City maintains four internal service funds to account for its vehicle operations, risk management program, police telecommunications and compensated absences. The proprietary fund financial statements can be found on pages 32-34.

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, OPEB Plan Trust Fund, Pt. Molate Private-Purpose Trust Fund, Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund and Agency Funds. The fiduciary funds financial statements for these funds can be found on pages 36-37.

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 39 through 153 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-wide Net Position

This Comparative financial information includes the long-term and short-term information about the City's overall financial condition. Below to provide the reader with highlights of changes from the prior year.

City of Richmond's Net Position June 30, 2018 and 2017 (in thousands)						
	Governmental		Business-type	Activities	Totals	
	Activities					
	FY2018	FY2017*	FY2018	FY2017*	FY2018	FY2017*
Assets:						
Current assets	\$ 172,445	\$ 155,165	\$ 44,774	\$ 23,855	\$ 217,219	\$ 179,020
Capital assets	308,629	312,291	184,818	176,254	493,447	488,545
Total Assets	481,074	467,456	229,592	200,109	710,666	667,565
Deferred Outflows of Resources:						
Deferred outflows related to pensions	74,812	63,388	2,725	2,993	77,537	66,381
Deferred outflows related to OPEB	6,699		354		7,053	
Deferred charge on refunding			3,928	5,094	3,928	5,094
Total Deferred Outflows of Resources	81,511	63,388	7,007	8,087	88,518	71,475
Liabilities:						
Current liabilities	74,337	81,909	21,138	20,917	95,475	102,826
Long-term liabilities	798,370	635,657	165,292	130,550	963,662	766,207
Total Liabilities	872,707	717,566	186,430	151,467	1,059,137	869,033
Deferred Inflows of Resources:						
Deferred inflows related to pensions	4,077	7,451	236	384	4,313	7,835
Deferred inflows related OPEB	2,152		114		2,266	-
Total Deferred Inflows of Resources	6,229	7,451	350	384	6,579	7,835
Net Position:						
Net investment in capital assets	221,336	233,619	68,213	71,000	289,549	304,619
Restricted	87,380	76,810	9,514	9,441	96,894	86,251
Unrestricted	(625,067)	(504,602)	(27,908)	(24,096)	(652,975)	(528,698)
Total Net Position (Deficit)	\$ (316,351)	\$ (194,173)	\$ 49,819	\$ 56,345	\$ (266,532)	\$ (137,828)

*Not restated for the implementation of GASB 75.

ITEM F-5 ATTACHMENT 2

Government-wide Activities

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

City of Richmond's Changes in Net Position For the Years Ended June 30, 2018 and 2017 (in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2018	FY2017*	FY2018	FY2017*	FY2018	FY2017*
Revenues:						
Program revenues:						
Charges for services	\$ 36,688	\$ 31,140	\$ 38,656	\$ 37,890	\$ 75,344	\$ 69,030
Operating grants/contributions	20,557	16,083	26,099	22,637	46,656	38,720
Capital grants/contributions	10,471	14,009	1,155	970	11,626	14,979
General revenues:						
Property taxes-current collections	59,442	56,589			59,442	56,589
Sales taxes	44,475	41,620			44,475	41,620
Utility user taxes	46,080	44,966			46,080	44,966
Documentary transfer taxes	6,486	7,453			6,486	7,453
Other taxes	6,145	5,329			6,145	5,329
Unrestricted Intergovernmental	59	49			59	49
Use of money and property	7,001	12,230	3,431	3,549	10,432	15,779
Pension stabilization revenue		886			-	886
Gain on sale of capital assets	39	65			39	65
Other	4,196	5,139			4,196	5,139
Total revenues	<u>241,639</u>	<u>235,558</u>	<u>69,341</u>	<u>65,046</u>	<u>310,980</u>	<u>300,604</u>
Expenses:						
General government	45,716	34,851			45,716	34,851
Public safety	114,932	104,919			114,932	104,919
Public works	48,617	41,558			48,617	41,558
Community development	4,589	3,290			4,589	3,290
Cultural & recreation	14,281	10,997			14,281	10,997
Housing & redevelopment	3,442	7,449			3,442	7,449
Interest and fiscal charges	16,128	16,388			16,128	16,388
Richmond Housing Authority			30,979	26,242	30,979	26,242
Port of Richmond			10,258	10,102	10,258	10,102
Richmond Marina			327	231	327	231
Municipal Sewer			21,696	17,721	21,696	17,721
Storm Sewer			1,662	2,321	1,662	2,321
Cable TV			1,697	1,028	1,697	1,028
Total expenses	<u>247,705</u>	<u>219,452</u>	<u>66,619</u>	<u>57,645</u>	<u>314,324</u>	<u>277,097</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenses	(6,066)	16,106	2,722	7,401	(3,344)	23,507
Transfers	87		(87)	(87)		
Special items	1,208				1,208	
Changes in Net Position	<u>(4,771)</u>	<u>16,106</u>	<u>2,635</u>	<u>7,314</u>	<u>(2,136)</u>	<u>23,507</u>
Net position (deficit) at beginning of year (July 1, 2017 restated)	<u>(311,580)</u>	<u>(210,366)</u>	<u>47,184</u>	<u>49,031</u>	<u>(264,396)</u>	<u>(161,335)</u>
Net position (deficit) at end of year	<u>\$ (316,351)</u>	<u>\$ (194,173)</u>	<u>\$ 49,819</u>	<u>\$ 56,345</u>	<u>\$ (266,532)</u>	<u>\$ (137,828)</u>

* Not restated for the implementation of GASB 75.

Governmental Activities

Governmental activities decreased the City's net position by \$4.7 after the restatement for the implementation of GASB 75. Total expenses of \$247.7 million exceeded revenue of \$242.6 million by \$5.1 million. Revenues increased \$7 million or 3% primarily due to increases in property taxes associated with an increase in assessed valuations, utility users taxes, documentary transfer taxes, sales taxes, business license fees and various grants. Expenses increased \$28 million or 13% from prior year primarily due to decreases in public safety, public works, community development and long-term debt expenses that outweighed the increases in general government and housing and redevelopment expenses.

The decrease in the net position is primarily due to reporting of net unfunded liability of the City's pension and Other Postemployment Benefits (OPEB) plans in the basic financial statements.

Business Type Activities

Business-type activities increased the City's net position by \$2.6 million. Key factors contributing to the decrease in business-type activities are as follows:

- The Municipal Sewer fund reported operating income of approximately \$8.1 million, there were \$3.9 million of non-operating expenses the majority of which represented interest and swap expenses incurred on various Wastewater Debt issues, offset by \$798 thousand in federal subsidies received to reduce interest costs associated with Richmond Wastewater Revenue Bonds, Series 2010B, resulting in a \$4.8 million change in net position.
- The Richmond Housing Authority's ("RHA") net position decreased by \$2.8 million. RHA's operating loss of \$29.2 million increased \$6.1 million, or 26.2% from prior year due to an approximate \$5.5 million increase in Housing Assistance and restated beginning balance.
- Other Enterprise funds had a combined \$526 thousand increase in net position. The majority of the increase, \$304 thousand, is attributed to the decrease in salaries and benefits under the Port of Richmond.

Net Program (Expenses) Revenues

Comparisons of the cost of services by function for the City's government-wide activities are shown in the preceding tables, along with the revenues used to cover the net expenses.

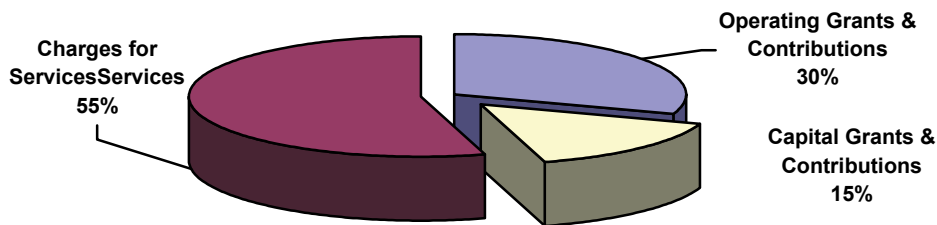
The following table details the net program costs for each of the governmental activities functions:

Expenses and Program Revenues			
Governmental Activities			
Functions			Net (Expenses)
	Expenses	Revenues	Revenues
General government	\$ 45,715,329	\$ 17,740,519	\$ (27,974,810)
Public safety	114,932,219	10,015,021	(104,917,198)
Public works	48,617,290	20,404,606	(28,212,684)
Community development	4,589,328	14,219,090	9,629,762
Cultural and recreational	14,280,985	2,381,728	(11,899,257)
Housing and redevelopment	3,442,239	2,955,392	(486,847)
Interest on long-term debt	16,127,479	-	(16,127,479)
Total	<u>\$ 247,704,869</u>	<u>\$ 67,716,356</u>	<u>\$ (179,988,513)</u>

Total governmental activities expenses of \$247.7 million were offset by \$67.7 million in program revenues in fiscal year 2018. These expenses do not include capital outlays, which are reflected in the City's capital assets. 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. During the fiscal year, the net costs funded by the City's general revenues were \$179.9 million.

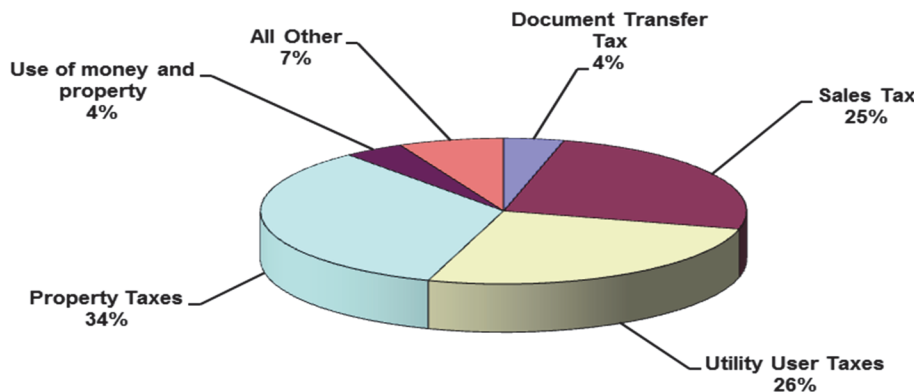
As reflected in the pie chart below, 55% of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The remaining 45% percent of governmental program revenues come from Operating Grants and Capital Grants Contributions which include restricted revenues such as Gas Tax, Transportation and Sales Tax, and Federal/State Grants.

**Program Revenues by Source
Governmental Activities**



General revenues are all other revenues not categorized as program revenues and include property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues from governmental activities were \$174.0 million in fiscal year 2018. The three largest components of general revenues received were Property Taxes-current collections of \$59.4 million, Utility User Taxes of \$46 million and Sales Taxes of \$44.4 million. The following graph shows the City's general revenues by source.

**General Revenues by Source
Governmental Activities**

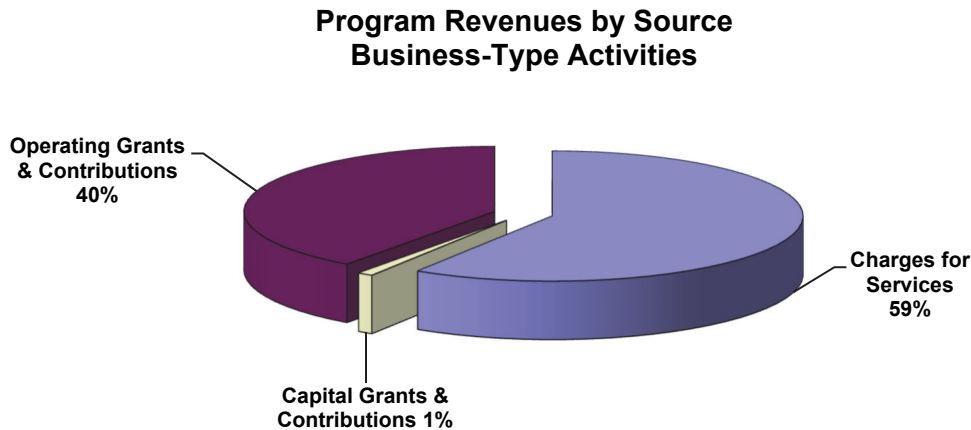


The following table details net program costs for business-type activities:

Expenses and Program Revenues Business-type Activities			
Business-type Activities	Expenses	Program Revenues	Net (Expenses) Revenues
Richmond Housing Authority	\$ 30,978,813	\$ 28,197,546	\$ (2,781,267)
Port of Richmond	10,257,553	10,580,246	322,693
Richmond Marina	327,442	537,438	209,996
Municipal Sewer	21,696,370	23,244,632	1,548,262
Storm Sewer	1,661,808	2,068,110	406,302
Cable TV	1,697,155	1,281,952	(415,203)
Total	\$ 66,619,141	\$ 65,909,924	\$ (709,217)

Business-type activities expenses exceeded revenues by \$709 thousand, as the Richmond Housing Authority and Cable TV were not able to generate enough user fees sufficient to cover operating costs by \$3.2 million.

As reflected in the pie chart below, 59% of the business-type program revenues came from Charges for Services and the remaining 41% were derived from Operating and Capital Grants.



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.

At the end of the fiscal year, the City's governmental funds reported total fund balances of \$90.8 million, an increase of \$10.8 million, or 13% from prior year. Financial highlights for the City's major funds are discussed below:

General Fund The General Fund is the primary operating fund of the City. It is used to report the financial results of the daily operations of the City. The major revenue sources are utility users' tax, sales tax and property taxes. The major expenditures are salaries and administrative expenses. The City's general fund revenues and expenditures grew by \$2.2 million or 1% and \$5.5 million or 4%, respectively. The increase in revenues is primarily due to the continuing growth in the City's assessed valuation of properties within the City as well as increases various taxes. The increase in expenditures is primary due to a contribution of \$3.2 million to the City's OPEB Trust, in accordance to the City's OPEB funding policy.

At the end of the current fiscal year, the total fund balance increased by \$214 thousand from the prior year to \$35.6 million. General Fund reported an unassigned fund balance of \$17.6 million, a decrease of \$2.1 million from prior year, of which \$17.5 million represents the amount the City has set aside for contingency.

Community Development and Loan Programs This fund was established to account for the receipt of Community Development Block Grant, HOME Investment Partnership Program and Neighborhood Stabilization Program grant monies and the use of the grants. In conjunction with the dissolution of the Redevelopment Agency, this fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency's low and moderate income housing activities. As of June 30, 2018, fund balance is \$25 million which represents a \$702 thousand increase from prior year.

Proprietary Funds:

The City's proprietary funds are enterprise and internal service funds. Proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The City's major enterprise funds are the Richmond Housing Authority, Port of Richmond, and Municipal Sewer.

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. RHA'S net position declined \$2.8 million to \$15.4 million at June 30, 2018. Of the \$15.4 million, \$17.5 million is invested in capital assets, net of related debt and \$2.1 million is unrestricted negative.

The Port of Richmond The Port of Richmond ("Port") is a public enterprise established by the City and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port's net position increased by \$375 thousand to \$6.5 million. The increase is partially attributed to the reduction of dredging and oil spill maintenance expenses.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenses. Municipal Sewer's net position increased \$4.8 million to \$31.3 million at June 30, 2018.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, excluding transfers, bond premium and proceeds from sale of property, reflected \$154.1 million in estimated revenues and \$154.7 million in appropriations.

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

The final amended budget included a \$1.2 million increase in estimated revenue and a \$642 thousand increase in appropriations. Actual revenues of \$157.1 million were \$1.8 million more than adjusted operating revenue budget, a variance of 1.1%. Key elements of the variances in revenues are discussed as follows:

Property Taxes totaled \$39.0 million which is \$600 thousand more than expected. The increase stems from increases in Residual Redevelopment Property Tax (RRPTF) after Recognized Obligation Payments Schedule (ROPS) or, in other words, more than expected Successor Agency Residual and Pass-through revenue.

Utility Users Tax (UUT) totaled \$46.0 million which was \$548 thousand less than expected. The bulk of the decrease was in gas and electricity UUT and prepaid wireless UUT which is collected by the State.

Sales Taxes totaled \$44.5 million which was \$1.6 million more than budgeted. This corresponded to increases in the regular Sales Tax and proportional increases in both half cent Sales Tax measures. More directly, we experienced Sales Tax growth for most sectors in the City including the business to business category and increased collections from internet sales.

Licenses, Permits and Fees totaled \$3.8 million which was \$1 million less than budgeted. The bulk of the decrease stemmed from the collection of Business License Tax. The previous year saw a significant increase due to the collective efforts from the Business License Division, Code Enforcement, Rent Control and MuniServices. It led to payments from new customers that included, in many cases, past due amounts up to three years back. The majority of the new businesses were residential rental properties. The subsequent year, these businesses just paid the yearly flat rate. The budget did not reflect this expected decrease.

The final adjusted appropriations were \$155.3 million, an increase of \$642 thousand from the original adopted budget appropriation of \$154.7 million. The adopted budget appropriation was increased mainly due to mid-year adjustments. This included payments to the Department of Toxic Substances Control (DTSC) for various sites; and transfers to non-general funds to cover annual required contributions to pension plans, a rental lease, and critical capital improvement repairs.

An additional \$1.6 million was allocated to the compensated absences fund to clear the negative cash position. Actual operating expenditures of \$156.8 million were \$1.4 million more than final budget appropriations. The overage was primarily due to the transfer of \$3.2 million to the OPEB trust to comply with the City's OPEB policy.

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, 2018 amounted to \$493.4 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress is illustrated below:

Capital Assets by Type

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 29,424,667	\$ 29,403,573	\$ 7,195,986	\$ 7,195,986	\$ 36,620,653	\$ 36,599,559
Construction in Progress	17,034,198	68,938,598	28,401,520	32,139,210	45,435,718	101,077,808
Building and improvements	115,156,850	117,248,923	26,903,695	29,316,426	142,060,545	146,565,349
Machinery and equipment	8,804,933	9,567,529	3,531,105	4,304,447	12,336,038	13,871,976
Infrastructure	138,209,556	87,132,729	118,785,856	103,297,903	256,995,412	190,430,632
Total Capital assets	<u>\$ 308,630,204</u>	<u>\$ 312,291,352</u>	<u>\$ 184,818,162</u>	<u>\$ 176,253,972</u>	<u>\$ 493,448,366</u>	<u>\$ 488,545,324</u>

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

The most significant additions to capital assets were construction in progress primarily consisting of \$16.4 million of Wastewater Treatment plant improvements included in the City's business-type activities.

Additional information about the City's capital assets can be found in Note 6 on pages 66 through 68 in the financial statements.

Debt Administration:

Long Term Debt – The City's total debt outstanding at June 30, 2018 increased \$23.2 million from \$397.5 million to \$420.7 million. The \$23.2 million increase is due to the City issuing \$33.5 of Wastewater Revenue Bonds, offset by current year retirements.

**Outstanding Debt
June 30**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue bonds			\$ 111,698,772	\$ 82,313,447	\$ 111,698,772	\$ 82,313,447
Lease revenue bonds	\$ 111,241,920	\$ 113,275,266	33,587,707	36,588,791	144,829,627	149,864,057
Pension obligation bonds	150,445,289	153,058,033			150,445,289	153,058,033
Total bonds payable	261,687,209	266,333,299	145,286,479	118,902,238	406,973,688	385,235,537
Loans payable	1,844,775	1,993,820	3,316,308	3,401,553	5,161,083	5,395,373
Capital leases	8,650,840	6,872,843		-	8,650,840	6,872,843
Total outstanding debt	<u>\$ 272,182,824</u>	<u>\$ 275,199,962</u>	<u>\$ 148,602,787</u>	<u>\$ 122,303,791</u>	<u>\$ 420,785,611</u>	<u>\$ 397,503,753</u>

The City does not have any general obligation bonds as of June 30, 2018.

The City's issuer credit rating from S&P was BBB+ as of June 30, 2017. On December 4, 2017, the City received an updated issuer credit rating from S&P upgrading the previous BBB+ issuer credit rating to an A- issuer credit rating.

For more detailed information on the City's long-term debt see Note 7 on pages 69-93.

Economic Factors, Next Year's Budget and Inflation Rates

The City's economic base continues to grow after years of recession. Property values assessed by the County as of January 1, 2018 have increased by 8.13% over the prior year. Additionally, Residual Redevelopment Property Tax (RPTF) after Recognized Obligation Payments Schedule (ROPS) payments have gone from \$600 thousand in FY2015-16 to \$2.5 million in FY2016-17, and finally to over \$4 million in FY2017-18. Sales Tax is expected to increase by 4.3% in FY2018-19 as compared to the previous year. As of June 30, 2017, unemployment in Richmond stands at 4.8%, improved from 5.4% a year ago.

The City of Richmond is in contact with Terminal One Development, LLC to sell an approximately 10-acre site for development purposes at a price of \$10 million. The developer has paid the City \$500,000 in a non-refundable deposit, with the balance of \$9.5 million due following granting of all entitlements and close of escrow. Following City Council certification of the environmental impact report (EIR) for the project in July 2016, a lawsuit was filed that challenged certification of the EIR. A settlement was reached by all parties to this lawsuit in November 2016 which allows the project entitlement process to proceed. Close of escrow on the real estate sale by the City to Terminal One Development, LLC, including the transfer of the \$9.5 million balance due from the developer to the City, is anticipated by June 30, 2019.

The City continues to closely monitor revenue and expenditures through monthly variance reports to assure adherence to budget controls. Simultaneously, position control is strictly enforced, ensuring that any employee hired is moving into a funded position. The City continues to work with Public Financial Management Group (PFM) through the National Resource Network on budget and financial planning. For the upcoming fiscal year, PFM will be working with the City to align the budget forecast with City Council priorities, review the City's organizational structure, and provide recommended actions for fiscal sustainability. This will include planning and addressing pension and Other Post-Employment Benefits (OPEB) funding. Additionally, the City continues to analyze the structural integrity of all funds and identify additional cost reductions and efficiencies.

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, 2018**

**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

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

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's net position, by subtracting total liabilities and deferred inflows of resources from total assets and deferred outflows of resources 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 primarily 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 position. 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, deferred outflows/inflows of resources, available revenues and measurable expenditures.

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

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CITY OF RICHMOND STATEMENT OF NET POSITION JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$64,436,288	\$24,295,934	\$88,732,222
Restricted cash and investments (Note 3)	14,202,232	28,070,292	42,272,524
Receivables:			
Accounts, net	13,395,605	6,640,784	20,036,389
Interest	177,303	47,010	224,313
Grants	6,563,543	686,284	7,249,827
Due from developer (Note 16E)		11,221,743	11,221,743
Loans (Notes 5 and 16J)	46,762,555		46,762,555
Internal balances (Note 4D)	26,206,756	(26,206,756)	
Property held for resale (Note 2I)	78,016		78,016
Prepays, supplies, and other assets (Note 2C)	622,329	18,609	640,938
Capital assets (Note 6):			
Nondepreciable	46,458,865	35,597,506	82,056,371
Depreciable, net	262,171,339	149,220,656	411,391,995
Total Assets	481,074,831	229,592,062	710,666,893
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions (Notes 10 and 11)	74,812,578	2,725,036	77,537,614
Deferred outflows related to OPEB (Note 12)	6,699,027	354,808	7,053,835
Deferred charge on refunding (Note 2H)		3,928,020	3,928,020
Total Deferred Outflows of Resources	81,511,605	7,007,864	88,519,469
LIABILITIES			
Accounts payable and accrued liabilities	7,460,870	4,009,620	11,470,490
Interest payable	3,054,646	3,448,737	6,503,383
Refundable deposits	1,140,519	344,775	1,485,294
Unearned revenue (Note 8)	8,468,834	640,029	9,108,863
Derivative instrument at fair value - liability (Note 7)	22,939,800	6,744,600	29,684,400
Compensated absences (Note 2D):			
Due within one year	7,409,289	156,307	7,565,596
Due in more than one year	5,987,720	316,759	6,304,479
Claims liabilities (Note 14):			
Due within one year	11,120,445		11,120,445
Due in more than one year	26,587,129		26,587,129
Long-term debt (Note 7):			
Due within one year	12,742,999	5,794,081	18,537,080
Due in more than one year	259,439,825	142,808,706	402,248,531
Net pension liability (Notes 10 and 11):			
Due in more than one year	328,055,449	12,723,222	340,778,671
Net OPEB liability (Note 12):			
Due in more than one year	178,300,179	9,443,508	187,743,687
Total Liabilities	872,707,704	186,430,344	1,059,138,048
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions (Notes 10 and 11)	4,077,558	236,375	4,313,933
Deferred inflows related to OPEB (Note 12)	2,151,737	113,966	2,265,703
Total Deferred Inflows of Resources	6,229,295	350,341	6,579,636
NET POSITION (Note 9)			
Net investment in capital assets	221,336,363	68,213,687	289,550,050
Restricted for:			
Capital projects	16,313,017		16,313,017
Debt service	9,844,344	9,514,522	19,358,866
Housing and redevelopment	46,880,701		46,880,701
Community development projects	14,342,301		14,342,301
Total Restricted Net Position	87,380,363	9,514,522	96,894,885
Unrestricted (Deficit)	(625,067,289)	(27,908,968)	(652,976,257)
Total Net Position (Deficit)	(\$316,350,563)	\$49,819,241	(\$266,531,322)

See accompanying notes to financial statements

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	Component Units	
RHA Properties	RHA Housing Corporation	RHA RAD LLC
	\$1,239	
		\$14,510,000
	1,239	14,510,000
	34,138	
	34,138	
	(32,899)	14,510,000
	(\$32,899)	\$14,510,000

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CITY OF RICHMOND STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$45,715,329	\$16,838,782	\$704,145	\$197,592
Public safety	114,932,219	8,147,458	1,721,872	145,691
Public works	48,617,290	6,529,172	4,217,994	9,657,440
Community development	4,589,328	1,748,222	12,470,868	
Cultural and recreational	14,280,985	1,545,399	836,329	
Housing and redevelopment	3,442,239	1,878,958	605,781	470,653
Interest on long-term debt	16,127,479			
Total Governmental Activities	247,704,869	36,687,991	20,556,989	10,471,376
Business-type Activities:				
Richmond Housing Authority	30,978,813	1,740,399	26,098,804	358,343
Port of Richmond	10,257,553	10,580,246		
Richmond Marina	327,442	537,438		
Municipal Sewer	21,696,370	22,447,439		797,193
Storm Sewer	1,661,808	2,068,110		
Cable TV	1,697,155	1,281,952		
Total Business-type Activities	66,619,141	38,655,584	26,098,804	1,155,536
Total Primary Government	\$314,324,010	\$75,343,575	\$46,655,793	\$11,626,912
Component Units:				
RHA Properties				
RHA Housing Corporation				
RHA RAD LLC				
General revenues:				
Taxes:				
Property taxes-current collections				
Sales taxes				
Utility user taxes				
Documentary transfer taxes				
Other taxes				
Unrestricted intergovernmental				
Use of money and property				
Gain from sale of capital assets				
Other				
Transfers, net (Note 4)				
Special Item (Note 5):				
Transfer of loans to housing successor				
Total general revenues, transfers and special item				
Change in Net Position				
Net Position (Deficit)-Beginning, As Restated (Note 9E)				
Net Position (Deficit)-Ending				

See accompanying notes to financial statements

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Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	RHA Properties	RHA Housing Corporation	RHA RAD LLC
(\$27,974,810)		(\$27,974,810)			
(104,917,198)		(104,917,198)			
(28,212,684)		(28,212,684)			
9,629,762		9,629,762			
(11,899,257)		(11,899,257)			
(486,847)		(486,847)			
(16,127,479)		(16,127,479)			
(179,988,513)		(179,988,513)			
	(\$2,781,267)	(2,781,267)			
	322,693	322,693			
	209,996	209,996			
	1,548,262	1,548,262			
	406,302	406,302			
	(415,203)	(415,203)			
	(709,217)	(709,217)			
(179,988,513)	(709,217)	(180,697,730)			
59,441,796		59,441,796			
44,474,973		44,474,973			
46,079,755		46,079,755			
6,486,347		6,486,347			
6,144,968		6,144,968			
58,842		58,842			
7,000,785	3,431,293	10,432,078			
39,226		39,226			
4,195,794		4,195,794			
86,778	(86,778)				
1,208,259		1,208,259			
175,217,523	3,344,515	178,562,038			
(4,770,990)	2,635,298	(2,135,692)			
(311,579,573)	47,183,943	(264,395,630)		(\$32,899)	\$14,510,000
(\$316,350,563)	\$49,819,241	(\$266,531,322)		(\$32,899)	\$14,510,000

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**CITY OF RICHMOND
JUNE 30, 2018**

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 2018. Individual non-major funds may be found in the Supplemental section.

MAJOR GOVERNMENTAL FUNDS

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.

COMMUNITY DEVELOPMENT AND LOAN PROGRAMS FUND

The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in Notes 5 and 16D, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

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CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments (Note 3)	\$15,413,405		\$26,915,335	\$42,328,740
Restricted cash and investments (Note 3)		\$1,865,324	11,106,177	12,971,501
Receivables:				
Accounts, net	10,233,844	25,331	2,986,445	13,245,620
Interest	43,082	5,645	51,828	100,555
Grants	25,500	333,941	6,204,102	6,563,543
Loans (Note 5)	1,212,042	44,621,500	779,013	46,612,555
Property held for resale (Note 2I)		78,016		78,016
Advances to other funds (Note 4B)	16,133,282	174,067		16,307,349
Prepays, supplies and other assets	622,329			622,329
	<u>\$43,683,484</u>	<u>\$47,103,824</u>	<u>\$48,042,900</u>	<u>\$138,830,208</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$2,834,949	\$837,608	\$3,500,889	\$7,173,446
Refundable deposits	585,645		554,874	1,140,519
Due to other funds (Note 4A)		340,111	6,588,191	6,928,302
Unearned revenue (Note 8)	4,073,857		3,611,157	7,685,014
	<u>7,494,451</u>	<u>1,177,719</u>	<u>14,255,111</u>	<u>22,927,281</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 8)	558,110	20,861,912	3,622,504	25,042,526
FUND BALANCES (Note 9)				
Nonspendable	17,967,653			17,967,653
Restricted		25,064,193	39,061,160	64,125,353
Assigned	72,506		43,906	116,412
Unassigned	17,590,764		(8,939,781)	8,650,983
	<u>35,630,923</u>	<u>25,064,193</u>	<u>30,165,285</u>	<u>90,860,401</u>
	<u>\$43,683,484</u>	<u>\$47,103,824</u>	<u>\$48,042,900</u>	<u>\$138,830,208</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$43,683,484</u>	<u>\$47,103,824</u>	<u>\$48,042,900</u>	<u>\$138,830,208</u>

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND Reconciliation of the GOVERNMENTAL FUNDS -- BALANCE SHEET with the STATEMENT OF NET POSITION JUNE 30, 2018

Total fund balances reported on the governmental funds balance sheet \$90,860,401

Amounts reported for Governmental Activities in the Statement of Net Position
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. 308,630,204

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 position of the Internal Service Funds are therefore
included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	22,107,548
Restricted cash and investments	1,230,731
Accounts receivable	149,985
Interest receivable	76,748
Loans receivable	150,000
Due from other funds	14,467,306
Advances to other funds	2,360,403
Accounts payable, accrued liabilities and interest payable	(299,989)
Compensated absences	(232,076)
Unearned revenue	(783,820)
Claims payable	(37,707,574)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets because they are not available currently
are taken into revenue in the Statement of Activities. 25,042,526

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	(3,042,081)
Long-term debt	(272,182,824)
Derivative instrument at fair value - liability	(22,939,800)
Net pension liability and deferred outflows/inflows related to pensions	(257,320,429)
Net OPEB liability and deferred outflows/inflows related to OPEB	(173,752,889)
Governmental activities portion of compensated absences	(13,164,933)

NET POSITION OF GOVERNMENTAL ACTIVITIES (\$316,350,563)

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2018

	General	Community Development and Loan Programs	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$38,961,021		\$22,002,168	\$60,963,189
Sales taxes	44,474,973			44,474,973
Utility user taxes	46,079,755			46,079,755
Other taxes	12,413,127			12,413,127
Licenses, permits and fees	3,802,576	\$1,697,222	16,053,085	21,552,883
Fines, forfeitures and penalties	981,984		19,943	1,001,927
Use of money and property	189,599	282,805	274,121	746,525
Intergovernmental	1,102,944	341,491	18,693,158	20,137,593
Private grants			9,000,000	9,000,000
Charges for services	7,823,287		9,221,914	17,045,201
Pension stabilization revenue				
Rent	849,640		3,300	852,940
Other	414,525	2,062,661	1,941,593	4,418,779
Total Revenues	157,093,431	4,384,179	77,209,282	238,686,892
EXPENDITURES				
Current:				
General government	28,402,147		15,607,109	44,009,256
Public safety	93,646,193		2,899,842	96,546,035
Public works	22,805,801		12,210,694	35,016,495
Community development		3,604,538	4,453,100	8,057,638
Cultural and recreational	10,734,162		613,274	11,347,436
Housing and redevelopment		764,390	1,178,247	1,942,637
Capital outlay	127,246	265,715	9,607,634	10,000,595
Debt service:				
Principal	814,494		10,218,439	11,032,933
Interest and fiscal charges	256,830		10,528,512	10,785,342
Total Expenditures	156,786,873	4,634,643	67,316,851	228,738,367
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	306,558	(250,464)	9,892,431	9,948,525
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	39,226			39,226
Transfers in (Note 4C)	6,035,115		8,437,049	14,472,164
Transfers (out) (Note 4C)	(6,166,866)	(255,762)	(8,446,278)	(14,868,906)
Total Other Financing Sources (Uses)	(92,525)	(255,762)	(9,229)	(357,516)
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	214,033	(506,226)	9,883,202	9,591,009
SPECIAL ITEM (Note 5):				
Transfer of loans to housing successor		1,208,259		1,208,259
Total Special Item		1,208,259		1,208,259
NET CHANGE IN FUND BALANCES	214,033	702,033	9,883,202	10,799,268
BEGINNING FUND BALANCES	35,416,890	24,362,160	20,282,083	80,061,133
ENDING FUND BALANCES	\$35,630,923	\$25,064,193	\$30,165,285	\$90,860,401

See accompanying notes to financial statements

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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, 2018

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 Position 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	\$10,799,268

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	11,546,818
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$1,156,716 which has already been allocated to serviced funds)	(16,563,989)
Retirements of capital assets are deducted from the fund balance	
(Retirements are net of internal service fund retirements of \$5,372 which has already been allocated to serviced funds)	(322,371)
Capital contributions from developers and the Successor Agency are added to fund balance	135,765

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 Position.	
Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.	
Repayment of debt principal is added back to fund balance	11,032,933
Capital appreciation bonds accretion is deducted from fund balance	(5,560,256)
Amortization of bond premium is added back to fund balance	63,346

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	171,060
Unavailable revenue	3,618,590
Derivative instrument at fair value - liability	5,999,900
Compensated absences	(755,150)
Net pension liability and deferred outflows/inflows related to pensions	(28,196,716)
Net OPEB liability and deferred outflows/inflows related to OPEB	(769,888)

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 Position - All Internal Service Funds	4,029,700
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>(\$4,770,990)</u>

See accompanying notes to financial statements

ITEM F-5
ATTACHMENT 2

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**CITY OF RICHMOND
JUNE 30, 2018**

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 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2018.

Generally accepted accounting principles do 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.

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2018

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals
ASSETS					
Current assets:					
Cash and investments (Note 3)	\$3,174,894		\$17,388,492	\$3,732,548	\$24,295,934
Restricted cash and investments (Note 3)	102,576	\$9,514,522	18,369,421	83,773	28,070,292
Receivables:					
Accounts, net	301,641	5,414,796	495,918	428,429	6,640,784
Interest			38,921	8,089	47,010
Grants	686,284				686,284
Notes (Note 5)					150,000
Prepays	18,609				18,609
Due from other funds (Note 4A)					14,467,306
Total current assets	4,284,004	14,929,318	36,292,752	4,252,839	59,758,913
Noncurrent assets:					
Receivables:					
Due from developer	11,221,743				11,221,743
Capital assets (Note 6):					
Nondepreciable	2,361,628	4,937,160	28,274,241	24,477	35,597,506
Depreciable, net	15,776,327	42,175,948	88,790,972	2,477,409	149,220,656
Advances to other funds (Note 4B)			901,396	167,451	1,068,847
Total noncurrent assets	29,359,698	47,113,108	117,966,609	2,669,337	197,108,752
Total Assets	33,643,702	62,042,426	154,259,361	6,922,176	256,867,665
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions (Note 10)	993,187	422,955	693,821	615,073	2,725,036
Deferred outflows related to OPEB (Note 12)	177,757	40,207	70,538	66,306	354,808
Deferred charge on refunding (Note 2H)			3,928,020		3,928,020
Total Deferred outflows of resources	1,170,944	463,162	4,692,379	681,379	7,007,864
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	1,814,244	355,125	1,663,065	177,186	4,009,620
Interest payable		1,128,825	2,211,989	107,923	3,448,737
Due to other funds (Note 4A)	3,657,170	2,919,904		961,930	7,539,004
Refundable deposits	96,752	163,050		84,973	344,775
Compensated absences (Note 2D)	10,299	31,512	60,325	54,171	156,307
Claims payable (Note 14)					11,120,445
Current portion of long-term debt (Note 7B)		3,320,000	2,385,000	89,081	5,794,081
Total current liabilities	5,578,465	7,918,416	6,320,379	1,475,264	21,292,524
Noncurrent liabilities:					
Advances from other funds (Note 4B)	3,458,884	13,917,312		2,360,403	19,736,599
Compensated absences (Note 2D)	92,693	204,605	19,461		316,759
Unearned revenue (Note 8)	70,191	533,558	36,280		640,029
Claims payable (Note 14)					26,587,129
Derivative instrument at fair value - liability (Note 7B)			6,744,600		6,744,600
Long-term debt, net (Note 7B)	700,000	30,267,707	109,313,772	2,527,227	142,808,706
Net pension liability (Note 10)	4,637,201	1,974,780	3,239,458	2,871,783	12,723,222
Net OPEB liability (Note 12)	4,731,141	1,070,139	1,877,437	1,764,791	9,443,508
Total noncurrent liabilities	13,690,110	47,968,101	121,231,008	9,524,204	192,413,423
Total Liabilities	19,268,575	55,886,517	127,551,387	10,999,468	213,705,947
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions (Note 10)	86,150	36,688	60,184	53,353	236,375
Deferred inflows related to OPEB (Note 12)	57,096	12,915	22,657	21,298	113,966
Total Deferred inflows of resources	143,246	49,603	82,841	74,651	350,341
NET POSITION (Note 9)					
Net investment in capital assets	17,540,531	23,039,923	27,663,882	(30,649)	68,213,687
Restricted for debt service		9,514,522			9,514,522
Unrestricted	(2,137,706)	(25,984,977)	3,653,630	(3,439,915)	(27,908,968)
Total Net Position	\$15,402,825	\$6,569,468	\$31,317,512	(\$3,470,564)	\$49,819,241

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals
OPERATING REVENUES					
Rental	\$678,559				\$678,559
Service charges	733,085	\$2,852,569	\$22,447,439	\$3,345,780	29,378,873
Lease income		7,691,234		541,720	8,232,954
Other	328,755	36,443			365,198
Total Operating Revenues	1,740,399	10,580,246	22,447,439	3,887,500	38,655,584
OPERATING EXPENSES					
Salaries and benefits	1,117,620	591,094	1,578,452	1,554,764	4,841,930
General and administrative	2,499,118	1,994,000	10,225,609	1,704,064	16,422,791
Maintenance	1,768,899	1,559,527	52,197	99,419	3,480,042
Depreciation	1,637,570	3,775,336	2,301,596	136,519	7,851,021
Housing assistance	23,955,606				23,955,606
Claims losses					
Other		8,347	212,347	94	220,788
Total Operating Expenses	30,978,813	7,928,304	14,370,201	3,494,860	56,772,178
Operating Income (Loss)	(29,238,414)	2,651,942	8,077,238	392,640	(18,116,594)
NONOPERATING REVENUES (EXPENSES)					
Loss on retirement of capital assets					(5,372)
Interest income	91	52,987	3,341,707	36,508	3,431,293
Grants	26,098,804				26,098,804
Interest (expense)		(2,329,249)	(7,326,169)	(191,545)	(9,846,963)
Total Nonoperating Revenues (Expenses)	26,098,895	(2,276,262)	(3,984,462)	(155,037)	19,683,134
Income (Loss) Before Contributions and Transfers	(3,139,519)	375,680	4,092,776	237,603	1,566,540
Capital contributions/grants	358,343		797,193		1,155,536
Transfers in (Note 4C)					483,520
Transfers out (Note 4C)				(86,778)	(86,778)
Total Contributions and Transfers	358,343		797,193	(86,778)	1,068,758
Change in net position	(2,781,176)	375,680	4,889,969	150,825	4,029,700
BEGINNING NET POSITION (DEFICIT), AS RESTATED (NOTE 9E)	18,184,001	6,193,788	26,427,543	(3,621,389)	47,183,943
ENDING NET POSITION (DEFICIT)	\$15,402,825	\$6,569,468	\$31,317,512	(\$3,470,564)	\$49,819,241

See accompanying notes to financial statements

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$2,031,370	\$9,565,687	\$22,012,840	\$3,870,650	\$37,480,547	\$27,307,555
Payments to suppliers	(26,578,727)	(3,519,374)	(10,660,551)	(1,917,989)	(42,676,641)	(5,365,121)
Payments to employees	(1,917,018)	(877,554)	(1,371,444)	(1,181,602)	(5,347,618)	(7,616,360)
Insurance premiums and claims paid						(11,330,259)
Cash Flows from Operating Activities	(26,464,375)	5,168,759	9,980,845	771,059	(10,543,712)	2,995,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	2,569,709	276,738			2,846,447	3,343,754
Interfund payments				(380,672)	(380,672)	
Receipts from other governments	26,203,110				26,203,110	
Transfers out				(86,778)	(86,778)	
Transfers in						483,520
Cash Flows from Noncapital Financing Activities	28,772,819	276,738		(467,450)	28,582,107	3,827,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Receipts from other governments			797,193		797,193	
Grant receipts	358,343	33,558			391,901	2,034,921
Acquisition of capital assets		2	(16,390,736)	(24,477)	(16,415,211)	(2,704,717)
Issuance of long-term debt			33,530,000		33,530,000	2,687,645
Premium on bonds			5,905,634		5,905,634	
Cost of issuance			(579,579)		(579,579)	
Payment to bond escrow agent			(7,120,000)		(7,120,000)	
Principal payments on capital debt		(3,065,000)	(2,400,000)	(85,245)	(5,550,245)	(168,760)
Interest paid		(2,393,977)	(5,599,008)	(195,061)	(8,188,046)	(3,805)
Cash Flows from Capital and Related Financing Activities	358,343	(5,425,417)	8,143,504	(304,783)	2,771,647	1,845,284
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	91	52,987	1,283,994	32,498	1,369,570	359,885
Cash Flows from Investing Activities	91	52,987	1,283,994	32,498	1,369,570	359,885
Net Cash Flows	2,666,878	73,067	19,408,343	31,324	22,179,612	9,028,258
Cash and investments at beginning of period	610,592	9,441,455	16,349,570	3,784,997	30,186,614	14,310,021
Cash and investments at end of period	\$3,277,470	\$9,514,522	\$35,757,913	\$3,816,321	\$52,366,226	\$23,338,279
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	(\$29,238,414)	\$2,651,942	\$8,077,238	\$392,640	(\$18,116,594)	\$1,131,687
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	1,637,570	3,775,336	2,301,596	136,519	7,851,021	1,156,716
Change in assets and liabilities:						
Receivables, net	226,604	(1,059,059)	(434,599)	(16,850)	(1,283,904)	309,849
Prepays and other assets	61			608	669	5,300
Accounts payable and accrued liabilities and other accrued expenses	1,644,835	42,500	(170,398)	(115,020)	1,401,917	(74,321)
Refundable deposits	(5,824)	44,500			38,676	
Unearned revenue	70,191				70,191	(599,181)
Compensated absences payable	(19,241)	11,164	24,223	(658)	15,488	4,676
Claims payable						1,179,160
Net pension liability and deferred outflows/inflows of resources	(800,825)	(302,299)	174,583	366,110	(562,431)	(127,094)
Net pension OPEB and deferred outflows/inflows of resources	20,668	4,675	8,202	7,710	41,255	9,023
Cash Flows from Operating Activities	(26,464,375)	\$5,168,759	\$9,980,845	\$771,059	(\$10,543,712)	\$2,995,815
Non-cash transactions:						
Change in fair value of investment derivative			\$2,036,200		\$2,036,200	
Amortization of deferred charge on refunding			(1,166,116)		(1,166,116)	
Retirement of capital assets						(\$5,372)

See accompanying notes to financial statements

FIDUCIARY FUNDS

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

Trust funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

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

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

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CITY OF RICHMOND FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2018

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and investments (Note 3)		\$15,051,204	\$6,871,739
Restricted cash and investments (Note 3)		24,966,566	1,212,099
Investment in reassessment bonds (Note 3)			9,335,607
Pension and OPEB plan cash and investments (Notes 11C and 12B):			
City of Richmond Investment Pool	\$1,526,074		
Local Agency Investment Fund	176,245		
Mutual fund investments	28,355,159		
Accounts receivable		177,409	431,012
Interest receivable	2,474		11,810
Grants receivable		2,177,084	
Loans receivable (Note 17B)		1,574,000	
Prepays and other assets		6,366,928	
Capital assets (Note 17C):			
Nondepreciable		4,313,167	
Total Assets	<u>30,059,952</u>	<u>54,626,358</u>	<u>\$17,862,267</u>
LIABILITIES			
Accounts payable and accrued liabilities		916,416	\$1,631,405
Refundable deposits payable			1,296,921
Interest payable		1,203,574	
Derivative instrument at fair value - liability (Note 17D)		4,033,000	
Long-term debt (Note 17D):			
Due within one year		8,227,087	
Due in more than one year		86,377,962	
Due to assessment district bondholders			14,933,941
Total Liabilities		<u>100,758,039</u>	<u>\$17,862,267</u>
NET POSITION			
Restricted for employees' pension and OPEB benefits	<u>\$30,059,952</u>		
Held in trust for other governments		<u>(\$46,131,681)</u>	

See accompanying notes to financial statements

**ITEM F-5
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CITY OF RICHMOND
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Pension and OPEB Trust Funds	Private-Purpose Trust Funds
	<u> </u>	<u> </u>
ADDITIONS		
Property taxes		\$12,255,069
Contributions from the City	\$15,786,320	
Contributions from employees	765,475	
Net investment income:	632,089	
Net increase (decrease) in the fair value of investments	400,813	
Interest income	258,861	1,157,803
Investment management fees	(65,812)	
Intergovernmental revenue		4,898,936
Proceeds from sale of property		1,614,529
Miscellaneous revenue		398,321
	<u> </u>	<u> </u>
Total Additions	<u>17,777,746</u>	<u>20,324,658</u>
DEDUCTIONS		
Community development		4,835,285
Pension and OPEB benefits	10,137,299	
Payments in accordance with trust agreements		444,739
Interest and fiscal charges		4,993,687
Other	49,169	
	<u> </u>	<u> </u>
Total Deductions	<u>10,186,468</u>	<u>10,273,711</u>
Change in net position	7,591,278	10,050,947
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>22,468,674</u>	<u>(56,182,628)</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$30,059,952</u></u>	<u><u>(\$46,131,681)</u></u>

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 joint powers financing authority, and a parking authority which is inactive.

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

A. PRIMARY GOVERNMENT

The financial statements of the primary government of the City include the activities of the City as well as the Richmond Housing Authority, the Richmond Joint Powers Financing Authority, the Richmond Neighborhood Stabilization Corporation, 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 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 former 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.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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 the members of the City Council serve as the Board of Directors. 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 Neighborhood Stabilization Corporation (RNSC) – A California nonprofit public benefit Corporation formed in July 2009 by the City and the former Redevelopment Agency under the laws of the State of California. The Corporation was organized for the purpose of administering and operating the City's Neighborhood Stabilization Program (NSP), which includes purchasing, developing, financing, rehabilitating, land banking and/or demolishing blighted properties and foreclosed or abandoned properties utilizing the NSP funds or other public and private funding sources, and assisting the City and the Agency in providing affordable home ownership opportunities for households of low and moderate income by facilitating the financing necessary for the sale and resale of deed-restricted affordable ownership units to low and moderate income households at affordable costs, and other similar functions.

The Corporation is governed by a board of directors consisting of the City Manager, the Finance Director, and five other City and Housing Authority Directors. Although the RNSC is a separate legal entity, it is an integral part of the City. The City exercises significant financial and management control over the RNSC and members of the Board of Directors are appointed by City Council and City management has operational responsibility for the RNSC. The operations of the RNSC are included in the City's basic financial statements as a special revenue fund. Separate financial statements for the RNSC may be obtained by contacting the Office of Finance, City of Richmond, 450 Civic Center Plaza, Richmond, California 94804.

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

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

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

B. DISCRETELY PRESENTED COMPONENT UNITS

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, however RHA Properties manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Properties are discretely presented in the RHA Properties Component Unit column of the Statement of Net Position and the Statement of Activities.

RHA Housing Corporation– RHA Housing Corporation was incorporated and registered on January 26, 2004 as a California nonprofit public benefit corporation to benefit and support the RHA with respect to the Easter Hill development. RHA Housing Corporation entered into RAD Conversion redevelopment activities and it acts as the sole and managing member of RHA RAD LLC. The Corporation's fiscal year ends on December 31, 2018. The City and Housing Authority exercise significant financial and management control over RHA Housing Corporation and appoint members of the Board of Directors, however RHA Housing Corporation manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA Housing Corporation are discretely presented in the RHA Housing Corporation Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA Housing Corporation may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

RHA RAD LLC - A California limited liability company was formed on July 11, 2013 by RHA Housing Corporation, the sole and managing member. The Company is operated exclusively to further the tax exempt charitable purposes of the sole and managing member to provide affordable housing for low-income persons where no adequate housing exists for such persons, and to own and operate housing for the benefit of low-income persons who are in need of affordable, decent, safe and sanitary housing and related services, where an inadequate supply of housing exists for such persons. The City and Housing Authority exercise significant financial and management control over RHA RAD LLC and RHA Housing Corporation is the sole member of RHA RAD LLC, however RHA RAD LLC manages its own programs separate from the City or the Housing Authority. Therefore, the financial activities of RHA RAD LLC are discretely presented in the RHA RAD LLC Component Unit column of the Statement of Net Position and the Statement of Activities. Separate financial statements for RHA RAD LLC may be obtained by contacting the Richmond Housing Authority, 330 24th Street, Richmond, California 94804.

In order for the Authority to proceed in its participation into the RAD Program as discussed in Note 16J, RHA RAD LLC shall act as the managing general partner of RHA RAD Housing Partnership LP.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Basis of Accounting and Measurement Focus*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, 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 Position 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, deferred outflows/inflows of resources and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the Statement of Net Position. The Statement of Activities presents all the City's revenues, expenses and other changes in Net Position. 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 Position 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.

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ATTACHMENT 2

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 position as presented in these statements to the net position 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 ninety 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, 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, liabilities and deferred outflows/inflows of resources (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

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.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B. Major Funds

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

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

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

Community Development and Loan Programs Special Revenue Fund – The Community Development and Loan Programs Special Revenue Fund accounts for the receipt of Community Development Block Grant, HOME Investment Partnership Program, and Neighborhood Stabilization Program grant monies and the use of the grants. The Fund also accounts for the low and moderate income housing activities of the City as Housing Successor to the former Redevelopment Agency. Related to the grant disallowed costs discussed in Notes 5 and 16D, the City purchased certain loans that had previously been funded with Community Development Block Grant and HOME funds. The grants and loan programs are to be used to provide, within the City of Richmond, new affordable housing, improve existing housing conditions, assist homeless and disabled with housing, and to expand economic opportunities in business, and employment for low and moderate income residents.

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.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service Funds. The funds account for insurance reserves, equipment services and replacement and police telecommunications, all of which are provided to other departments on a cost-reimbursement basis.

Trust Funds. The Pension and OPEB Trust Funds account for assets held by the City as an Agent for various functions. The General Pension, Police and Fireman's and Garfield Pension Funds account for the accumulation of resources to be used for retiree pension payments at appropriate amounts and times in the future. The Pt. Molate Private-Purpose Trust Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate as discussed in Note 16G. The Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund was established as of February 1, 2012 to account for the activities of the Successor Agency to the former Richmond Community Redevelopment Agency as discussed in Note 17. The financial activities of the Trust Funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

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

C. *Prepays and Supplies*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance 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 governmental funds at the time individual inventory items are consumed rather than when purchased. Reported governmental fund inventories are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Compensated Absences

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

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$12,637,183	\$457,578	\$13,094,761
Additions	7,979,960	274,238	8,254,198
Payments	(7,220,134)	(258,750)	(7,478,884)
Ending Balance	<u>\$13,397,009</u>	<u>\$473,066</u>	<u>\$13,870,075</u>
Current Portion	<u>\$7,409,289</u>	<u>\$156,307</u>	<u>\$7,565,596</u>

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

E. Property Tax Levy, Collection and Maximum Rates

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

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

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

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.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Expenditures in Excess of Appropriations

The following funds incurred departmental expenditures in excess of appropriations.

Fund/Department	Excess of Expenditures Over Appropriations
General Fund	
General government	\$2,229,716
Debt service - interest and fiscal charges	184
Community Development and Loan Programs Special Revenue Fund	
Community development	2,138,527 (A)
State Gas Tax Special Revenue Fund	
Capital outlay	22,143
Landscaping and Lighting Special Revenue Fund	
Debt service - principal	4,582
Cost Recovery Special Revenue Fund	
Public safety	384,253
Public works	151,726
Civic Center Debt Service Fund	
Debt service - interest and fiscal charges	2,049

(A) Expenditures in the Community Development and Loan Program Special Revenue Fund exceeded budget primarily due to the disbursement of the RHA RAD loan discussed in Note 5 due to an oversight during the budget process. The fund had sufficient resources to finance these expenditures.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The first item that qualifies for reporting in this category is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also has deferred outflows of resources related to pensions and OPEB as discussed in Notes 10, 11 and 12.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to liabilities, the statement of net position or balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The first item which qualifies for reporting in this category arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: loans receivable, grants receivable and interest on interfund advances. See Note 8 for further discussion. The City also has deferred inflows of resources related to pensions and OPEB as discussed in Notes 10, 11 and 12. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

H. *Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding*

For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between proprietary refunded debt and the debt issued to refund it, called a deferred charge on refunding, is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred inflow or outflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

I. *Property Held for Resale*

Property held for resale is accounted for at the lower of cost or net realizable value or agreed upon sales price if a disposition agreement has been made with a developer.

The City received five properties for resale in fiscal year 2013 with a book value of \$573,822 from the acceptance of a deed in lieu of foreclosure on the property related to developer defaults on prior loans under the Richmond Neighborhood Stabilization loan program discussed in Note 5. These properties were rehabilitated during fiscal years 2014 and 2015 increasing the carrying value by a total of \$749,716 and \$39,303, respectively. In fiscal year 2014, the City received an additional four properties with a carrying value of \$648,238. Six properties were sold in fiscal year 2016, the remaining two properties held for resale had a book value of \$671,255 as of June 30, 2017. In fiscal year 2018, one property was sold during the year, and the carrying value of the one remaining property held for resale was \$78,016 as of June 30, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the PARS Trust. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Use of Estimates

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

NOTE 3 – CASH AND INVESTMENTS

A. Investments and Cash Deposits

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

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

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

B. Cash, Cash Equivalents and Investments

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

C. Classification

Cash and investments are classified in the financial statements as shown below at June 30, 2018:

Cash and investments	\$88,732,222
Restricted cash and investments	42,272,524
Total Primary Government cash and investments	<u>131,004,746</u>
 Cash and investments	 1,239
Total Discrete Component Unit cash and investments	<u>1,239</u>
 Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	21,922,943
Restricted cash and investments	26,178,665
Investments in reassessment bonds	9,335,607
Total Fiduciary Funds cash and investments	<u>57,437,215</u>
Total cash and investments	<u>\$188,443,200</u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds and Notes	5 years	A	None	None
Obligations issued by United States Government Federally Sponsored Agencies	5 years		90%	None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None	None
Commercial Paper	270 days	Top rating category	10% (A)	10%
Negotiable Certificates of Deposit	5 years	A	20%	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 (LAIF)	N/A		None	\$65 Mil/ acct
Investment Trust of California (CalTrust)	N/A		None	None

(A): City may invest an additional 15% or a total of 25% of City surplus money, only if dollar-weighted average maturity of the entire amount does not exceed 31 days.

Prohibited Investments

Under the City's Investment Policy, the City imposed restrictions on investments. The City cannot invest in any funds in inverse floaters, range notes, or interest only Separate Trading of Registered Interest and Principal of Securities (STRIPS) that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity (other than money market mutual funds).

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. *Investments Authorized by the California Government Code and the Housing Authority's Investment Policy*

The California Government Code allows the Authority to invest in the following; provided approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code:

Authorized Investment Type	Maximum Maturity	Maximum Specified Percentage of Portfolio	Minimum Credit Quality
Local Agency Bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
State of California obligations	5 years	None	None
CA Local Agency obligations	5 years	None	None
U.S. Agencies	5 years	None	None
Banker's Acceptances	180 days	40%	A1/P1
Commercial Paper - select agencies	270 days	40%	A1/P1
Commercial Paper - other agencies	270 days	25%	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	A
Mutual Funds	N/A	20%	Multiple
Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA
Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
California Local Agency Investment Fund	N/A	None	None

There are no restrictions on the maximum amount invested in each security type or maximum that can be invested in any one issuer.

The Authority does not have reverse repurchase agreements.

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

Under the terms of the City's and Agency's and debt issues and lease agreements, the City and Agency are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's and Agency's 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, 2018, the City and Agency were in compliance with the terms of all these restrictions.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Interest Rate Risk

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

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

	Remaining Maturity (in Months)				Total
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	
Primary Government:					
Federal Agency Securities	\$2,994,510				\$2,994,510
California Local Agency Investment Fund	56,968,398				56,968,398
CalTrust Short Term Fund	24,642,068				24,642,068
CalTrust Medium Term Fund	83,773				83,773
Held by Trustee:					
Money Market Mutual Funds (U.S. Securities)	60,710,585				60,710,585
Investment Agreement				\$1,039,778	1,039,778
Guaranteed Investment Contracts			\$564,000	625,001	1,189,001
Reassessment Bonds	1,125,000	\$1,355,000	1,480,000	5,375,607	9,335,607
Total Investments	\$146,524,334	\$1,355,000	\$2,044,000	\$7,040,386	156,963,720
Cash in Banks and on hand - <i>Primary Government</i>					31,478,241
Cash in Banks - RHA Housing Corporation					1,239
Total Cash and Investments					\$188,443,200

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. Each regular LAIF account is permitted to have up to 15 transactions per month, with a minimum transaction amount of \$5,000, a maximum transaction amount of \$65 million and at least 24 hours advance notice for withdrawals of \$10 million or more. Bond proceeds accounts are subject to a one-time deposit with no cap and are set up with a monthly draw down schedule. 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, 2018, these investments matured in an average of 193 days.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

ATTACHMENT 2

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City is a participant in the Short-Term Fund and Medium-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 in the Short-Term Fund is available for withdrawal on demand and the balance in the Medium-Term Fund is available for withdrawal upon two days' notice, 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 and CalTrust's Medium-Term Fund has a target portfolio duration of 1.5 to 3.5 years. At June 30, 2018 the Short-Term Fund investments matured in an average of 347 days and the Medium-Term Fund investments matured in an average of 799 days.

Money market funds and mutual funds are available for withdrawal on demand and as of June 30, 2018 have an average maturity from 20 to 39 days.

H. 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, 2018 for each investment type:

Investment Type	AAAm	AAf	AA+	A+f	Total
Federal Agency Securities			\$2,994,510		\$2,994,510
Money Market Mutual Funds (U.S. Securities)	\$60,710,585				60,710,585
CalTrust Short Term Fund		\$24,642,068			24,642,068
CalTrust Medium Term Fund				\$83,773	83,773
Totals	<u>\$60,710,585</u>	<u>\$24,642,068</u>	<u>\$2,994,510</u>	<u>\$83,773</u>	<u>88,430,936</u>
<i>Not Rated:</i>					
California Local Agency Investment Fund					56,968,398
Investment Agreement					1,039,778
Guaranteed Investment Contracts					1,189,001
Reassessment Bonds					9,335,607
Total Investments					<u>156,963,720</u>
Cash in Banks and On Hand					31,479,480
Total Cash and Investments					<u><u>\$188,443,200</u></u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

Investment Type	Level 2	Total
Investments Measured at Fair Value:		
Federal Agency Securities	\$2,994,510	\$2,994,510
Investments Measured at Amortized Cost:		
Held by Trustee:		
Investment Agreement		1,039,778
Guaranteed Investment Contracts		1,189,001
Reassessment Bonds		9,335,607
Money Market Funds		60,710,585
Investments Not Subject to Fair Value Hierarchy:		
California Local Agency Investment Fund		56,968,398
CalTrust Short Term Fund		24,642,068
CalTrust Medium Term Fund		83,773
Total Investments		\$156,963,720

Federal agency securities are classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

J. Concentration of Credit Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, investment pools and money market funds, in Fiduciary Funds at June 30, 2018 were as follows:

Fiduciary Funds	Issuer	Type of Investment	Amount
Agency Funds:			
2006 A&B Reassessment District	City of Richmond JPFA	Municipal Bonds	\$7,685,607
JPFA Reassessment	City of Richmond JPFA	Municipal Bonds	1,650,000

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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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, 2018 were as follows:

Due From Other Funds	Due To Other Funds	Amount
Internal Service Fund	Community Development and Loan Programs Special Revenue Fund	\$340,111
	Non Major Governmental Funds	6,588,191
	Richmond Housing Authority Enterprise Fund	3,657,170
	Port of Richmond Enterprise Fund	2,919,904
	Non Major Enterprise Funds	961,930
	Total	\$14,467,306

B. Long-Term Interfund Advances

At June 30, 2018 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
Richmond Housing Authority Enterprise Fund	General Fund	\$2,215,970
	Community Development and Loan Programs Special Revenue Fund	174,067
	Municipal Sewer Enterprise Fund	901,396
	Non Major Enterprise Funds	167,451
Port of Richmond Enterprise Fund	General Fund	13,917,312
Non Major Enterprise Funds	Internal Service Funds	2,360,403
	Total	\$19,736,599

Under the terms of a May 2013 Memorandum of Understanding (MOU) between the Housing Authority and RHA Properties, RHA Properties had paid a financial sanction imposed by the Office of the Inspector General (OIG) of \$2,257,799 to the Housing Authority from the sale proceeds of the Westridge at Hilltop Apartments. The Housing Authority used those proceeds to retire outstanding debt owed to the General Fund in fiscal year 2017. The Department of Housing and Urban Development (HUD) disputed the use of the sale proceeds for the repayment of the General Fund loan, as discussed in Note 16D. Although management disputed HUD's claim, in April 2018 the City and RHA entered into a settlement agreement with HUD under which the City agreed to return \$2,096,527 to the Housing Authority, which reestablished the General Fund's loan to the Housing Authority. During fiscal year 2018, the prior short-term amount due to the General Fund of \$119,443 to the Housing Authority for Hope VI was added and the balance of the advance was \$2,215,970 as of June 30, 2018.

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NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 4 – INTERFUND TRANSACTIONS (Continued)

In fiscal 2007, the former Redevelopment Agency advanced \$174,067 to the Richmond Housing Authority Enterprise Fund, collateralized by a deed of trust on the Westridge at Hilltop Apartments, to assist the Authority with its lease payments for the 2003 A-S Multifamily Housing Revenue Bonds. The loan bears interest of 3%. In fiscal 2012, the advance receivable was transferred to the City as Housing Successor to the former Redevelopment Agency and is recorded in the Community Development and Loan Programs Special Revenue Fund.

In fiscal years 2007 through 2014, the General Fund and the Municipal Sewer and Storm Sewer Enterprise Funds made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll. The advance repayment terms were amended in April 2010 and the advance bears no interest and was payable in 135 monthly installments of \$30,000 and one final installment of \$22,446 on or before August 1, 2021. On June 28, 2011 the agreement was amended to make the monthly payments \$50,000 for the remaining 71 payments, starting July 1, 2011, and one final installment of \$36,634. However, in lieu of monthly payments, repayment may be in a lump sum on August 1, 2021. During fiscal year 2013, \$6,600,000 of the advance was assumed by RHA Properties and was classified as a loan receivable, as discussed in Note 5. No repayments were made during fiscal year 2018 and the remaining balance of the interfund advance as of June 30, 2018 is \$1,068,847.

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 did not bear interest for the first three years; the next five years it bore an interest rate of 4%, with the balance payable on or before June 30, 2015. The advance repayment terms were amended in October 2013, effective June 30, 2013, to convert the accrued unpaid interest of \$745,119 to principal and reduce the advance balance by \$842,877, and the advance no longer bears interest. Annual principal payments of \$150,000 are due beginning June 30, 2014 through June 30, 2066, with a final principal payment of \$32,593 due on June 30, 2067, and in addition to those payments, the annual berthing cost of the vessel Red Oak Victory at the Port that is to be paid by the General Fund will instead offset and reduce the principal balance of the advance based on an established rental schedule. Historical rental payments from August 2004 to June 30, 2012 totaling \$842,877 were applied to the principal balance of the loan as of June 30, 2013. Another provision of the amended agreement provides that upon the sale of any Port property, including Terminal One and Terminal Four, the proceeds from the sale are to be used to repay and reduce the principal balance of the advance. The balance of the advance as of June 30, 2018 is \$13,917,312.

In fiscal 2008 the General Fund advanced \$1,758,342 to the Storm Sewer Enterprise Fund for the purpose of providing a clean storm sewer system and street sweeping activities. In fiscal year 2009 the advance was moved to the Insurance Reserves Internal Service Fund. The advance bears interest of 4.34% and is payable as follows: Semi-annual principal and interest payments in the amount of \$52,460 are to be made April 30 and December 31 of each year commencing in December 2009 until December 2038. The final interest payment of \$52,298 and the outstanding principal balance is due April 30, 2039. The Storm Sewer Enterprise Fund did not make the required payments during fiscal years 2015, 2016, 2017 and 2018; therefore unpaid interest of \$257,218 was added to the balance of the loan. The balance of the advance and accrued interest as of June 30, 2018 is \$2,360,403.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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 the transfers is to move General Fund resources to provide an annual subsidy to the Cost Recovery Fund and other non-major governmental funds, as well fund debt service, pension costs and capital projects. Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non Major Governmental Funds	\$5,948,337
	Non Major Enterprise Fund	86,778
Non Major Governmental Funds	General Fund	5,683,346
	Community Development and Loan Programs	255,762
	Non Major Governmental Funds	2,497,941
Internal Service Funds	General Fund	483,520
	Total Interfund Transfers	<u>\$14,955,684</u>

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of \$5,748,337 to fund current year pension contributions to CalPERS, which is included in transfers from Non-Major Governmental Funds.

D. Internal Balances

Internal balances are presented in the Government-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 5 – NOTES AND LOANS RECEIVABLE

At June 30, 2018, notes and loans receivable consisted of the following:

	Amount
CalTrans Loan	\$508,571
RHA RAD Project Loan	703,471
Richmond Neighborhood Stabilization Loans	779,013
East Bay Center for the Performing Arts	150,000
Community Development Block Grant, Home Investment Partnership Program, EDA, CALHome Loans and City Loans	
Deferred Loans	4,004,695
Home Improvement Program Loans	908,980
Rental Rehabilitation Loans	388,600
Infill Phase II Loan	1,331,709
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,263,659
Lillie Mae Jones Project Loan	1,254,751
Nevin Court Homeowner Development Project	479,245
EDA Loans	421,824
CALHome Program	2,787,725
RHA RAD Project Loan	3,612,033
Subtotal - CDBG, HOME, EDA, CALHome Loans, City Loans	17,601,711
Housing Successor Loans:	
Rental Rehabilitation Loans	20,000
The Carquinez Project	1,152,510
Creely Avenue Housing Rehabilitation Loan (Arbors)	2,127,399
Lillie Mae Jones Project Loan	2,339,642
Miraflores Loan	2,786,392
MacDonald Place Senior Housing	4,650,715
Heritage Park Development	43,166
Silent Second Mortgage Loans	1,749,161
Deferred Loans	374,401
Chesley Avenue Mutual Housing Development	5,927,460
Easter Hill Project	4,743,488
RHA RAD Project Loan	1,105,455
Subtotal - Housing Successor Loans	27,019,789
Total Notes and Loans Receivable	\$46,762,555

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of \$508,571 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 homes located in North Richmond.

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 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 Police Chief left the City in January 2016, and although he continues to make the scheduled loan payments under the terms of the agreement the loan was due in July 2017. The loan was amended and is now due on June 30, 2018. 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. The remaining long-term loan balance of \$51,066 was repaid during fiscal year 2018.

Groundwork Richmond

On May 10, 2013 the City entered into an agreement to loan \$9,995 in cash flow assistance to Groundwork Richmond. Groundwork Richmond is a local non-profit organization dedicated to helping the City of Richmond reach its goals for improving the outdoor environment, and to engaging local residents in specific outdoor improvement projects. The loan bears interest of 1.42% and was due on December 31, 2013. The loan was amended in December 2014 to extend the repayment date to June 30, 2015 and the loan was again amended in December 2015 to extend the repayment date to June 30, 2017. The loan balance of \$2,198 was repaid during fiscal year 2018.

RHA RAD Project

In December 2014, the General Fund loaned \$700,000 to the Richmond Housing Authority Enterprise Fund for predevelopment costs related to the Triangle Court and Friendship Manor Rental Assistance Demonstration (RAD) Projects.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

In December 2015, the loan agreement was replaced and the City entered into an amended agreement to loan \$5,400,000 to the RHA Housing Corporation for the furtherance of the development of the RAD Projects as discussed in Note 16J. Funding for the loan was revised in fiscal year 2018 and is as follows: \$700,000 from the City's General Fund, \$3,600,000 will come from housing-in-lieu funds and \$1,100,000 from the Housing Successor funds. The housing-in-lieu funds and Housing Successor Funds are included in the Community Development and Loan Programs Fund. RHA Housing Corporation assigned the loan agreement and associated obligations to RHA RAD Housing Partners L.P. on December 22, 2015 upon closing of the financing for the rehabilitation of the RAD projects. See Note 16J for additional information related to the RAD projects. The loan is secured by a leasehold deed of trust, assignment of rents and security agreement. The loan bears simple interest of 1% and the loan is repayable from residual receipts, as defined in the loan agreement, starting May 1 of the year after issuance of the Certificate of Completion, and unpaid principal and accrued interest is due December 1, 2070. As noted above, \$700,000 of the General Fund loan was disbursed in December 2014 and the balance at June 30, 2018, including accrued interest, was \$703,471. As of June 30, 2018, \$4,717,488 of the funds had been drawn down from the Housing Successor Community Development and Loan Programs Fund.

Richmond Neighborhood Stabilization Loans

The Richmond Neighborhood Stabilization Corporation (RNSC) operates a residential rehabilitation loan program financed by Department of Housing and Urban Development grants that have passed through the City under its Neighborhood Stabilization Program (NSP1) and additional allocation under the third round of funding referred to as (NSP3). The program provides affordable home ownership opportunities for households of low and moderate income by facilitating the development financing necessary for the purchase, rehabilitation, and resale of deed-restricted affordable ownership units. During fiscal year 2014, the City foreclosed on seven of the loans with a carrying value of \$780,153 and reacquired the properties which have been recorded as property held for resale as discussed in Note 2I. As of June 30, 2018, the total balance of outstanding loans for NSP1 was \$779,013 and no NSP3 loans had been issued. Loans are payable upon the resale of improved properties.

East Bay Center for the Performing Arts

On June 12, 2009 the former Redevelopment Agency entered into an agreement to loan \$2,500,000 to the East Bay Center (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 bore interest of 3% per year and repayments of accrued interest was due in quarterly installments. The Center made a payment of \$1,100,000 prior to January 31, 2012. Due to the dissolution of the Redevelopment Agency effective January 31, 2012 as discussed in Note 17, the balance of the loan was evaluated and it was determined that although the Redevelopment Agency implemented and administered the loan, the Insurance Internal Service Fund had funded the loan via an interfund advance and therefore the interfund advance was repaid in fiscal year 2012 by transferring the loan receivable to the Insurance Internal Service Fund. The agreement with the Center was amended on June 27, 2012, to reduce the interest rate to 0% and extend the repayment of the remaining \$1,400,000 to June 30, 2016.

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CITY OF RICHMOND
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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

On February 18, 2014, the agreement was amended a second time to extend the maturity date of the loan to June 30, 2018 and to provide an annual grant from the City in the amount of \$200,000 for the next five years beginning in June 2014. The loan was amended a third time to extend the maturity date of the loan to June 30, 2019. The annual grant will be used to reduce the balance of the loan each fiscal year.

Deferred Loans

Deferred loans are granted to low and moderate income families to assist them in purchasing their homes. Emergency repair loans not exceeding \$10,000 funded by the HOME Investment Partnership Program (HIPP) are provided to low income families in Richmond to assist them in rehabilitating their existing housing units. These loans are required to be repaid over a period of 15 years to 30 years.

Home Improvement Program Loans

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

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

Rental Rehabilitation Loans

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

Scattered Site Infill Housing Development (Infill Phase II)

Under a loan agreement dated September 30, 2010, the City loaned Community Housing Development Corporation of North Richmond \$1,198,013 to fund construction of 36 townhomes to be made available for very-low and low income households. Funding for the loan was as follows: \$602,556 in HOME funds, \$266,000 in CDBG funds and \$329,457 in CDBG-R. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs discussed in Note 16D, the City purchased \$1,331,709 of the loan balance that had previously been funded with Community Development Block Grant and HOME funds. The current funding was for predevelopment activities in conjunction with the construction and development of the townhomes. The loan is secured by a deed of trust on the property. The outstanding balance of the loan bears simple interest at the rate of 3% per year. The payment of principal and interest is deferred and due at the end of the term due September 30, 2065. As of June 30, 2018, \$1,331,709 had been drawn down on the loan.

NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

The Carquinez Project

Under a loan agreement dated November 14, 2008, the former Redevelopment Agency loaned Carquinez Associates, L.P. \$1,000,000 to fund rehabilitation of a five-story building, with 36 apartments housing low-income seniors. On August 23, 2010 the agreement was amended to provide the Developer with a total amount of \$1,301,000. Funding for the loan is as follows: \$1,152,510 funded by Series 2007 Bonds and \$148,900 funded by CDBG. Repayments on the loan are to be made from residual receipts as defined in the agreement. The loan does not bear interest and the unpaid principal balance is due in November 2043. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Carquinez loan as of February 1, 2012.

Creely Avenue Housing Rehabilitation (Arbors)

On September 15, 2006, the former Redevelopment Agency and the City loaned Arbors Preservation Limited Partnership the amount of \$2,558,557, to construct extremely low, very low and low income rental housing units and a new community room on Creely Avenue. On October 31, 2008, the loan was amended to provide the developer a total loan amount of \$3,208,113. Funding for the loan is as follows: \$2,160,282 in HOME funds, \$103,377 in CDBG funds and \$1,594,057 in 2007 Series B bond funds. Although the developer has not drawn down all of the proceeds from the HOME funds portion of the loan, the Department of Housing and Urban Development (HUD) has indicated that future drawdowns will not be reimbursed by the grantor. 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. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Arbors loan as of February 1, 2012.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

Lillie Mae Jones Project

On January 19, 2010, the former Redevelopment Agency and the City entered into an agreement with Lillie Mae Jones Plaza, L.P. and the Community Housing Development Corporation of North Richmond to loan \$3,119,000 to construct and provide 26 housing units to very low and low income households. Funding for the loan is as follows: \$1,081,291 in HOME funds, \$84,000 in Section 108 funds and \$1,953,709 in 2007 Series B bonds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. The loan bears an interest rate of 3% per year and repayments on the loan are to be made from residual receipts as defined in the agreement. All unpaid principal and accrued interest is due in January 2065. The agreement was amended in November 2011, due to securing a \$293,884 loan from County of Contra Costa with Mental Health Services Act, which specifies that two units are required to be available to and occupied by Mental Health Services Act Eligible Tenants pursuant to the County Regulatory Agreement with Lillie Mae Jones Plaza, L.P. With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result the City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of the Lillie Mae Jones loan as of February 1, 2012. As of June 30, 2018, Lillie Mae Jones has drawn down \$3,594,393.

Nevin Court Homeowner Development Project

In May 2005, the City entered into an agreement with Community Housing and Development Corporation of North Richmond (Development), in the original amount of \$227,000 to construct and develop 10 single family homes for low and moderate income households. The agreement was amended in November 2008, to increase the loan to \$377,000. In fiscal year 2010, the Development drew down \$343,839, in fiscal year 2016 an additional \$21,453 was drawn, and the outstanding balance of the loan is \$479,245, which includes accrued interest of \$113,953. The loan bears interest of 3% per year and the unpaid balance is due in November 2063.

EDA Loans

The Agency's Revolving Loan Fund (RLF) is a community based program with the goal of fostering local economic growth through the creation and retention of employment opportunities for Richmond residents and complementing community and individual development initiatives. With the dissolution of the Redevelopment Agency as discussed in Note 17, the EDA loan program that was funded with grant funds from the Economic Development Administration is now administered by the City effective February 1, 2012.

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. With the dissolution of the Redevelopment Agency as discussed in Note 17, the CALHome loan program that was funded with grant funds is now administered by the City effective February 1, 2012.

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CITY OF RICHMOND
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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

Housing Successor Loans

With the dissolution of the Redevelopment Agency as discussed in Note 17, the City agreed to become the successor to the Redevelopment Agency's housing activities and as a result City, as Housing Successor, assumed the loans receivable of the Redevelopment Agency's Low and Moderate Income Housing Fund, including the balance of certain loans discussed above and all of the loans below as of February 1, 2012.

Miraflores Loan

Under an amended loan agreement dated June 21, 2011, the City agreed to loan Community Housing Development Corporation of North Richmond and Eden Housing, Inc., \$1,465,000 to fund the construction of 110 senior housing units for low and moderate income residents. Funding for the loan is as follows: \$449,000 in CDBG funds, \$925,000 in HOME funds, and \$91,000 Redevelopment Agency Low and Moderate Income Housing Fund funds. Although the developer has not drawn down all of the proceeds of the HOME funds portion of the loan, HUD has indicated that future drawdowns will not be reimbursed by the grantor. Related to the grant disallowed costs discussed in Note 16D, the City purchased \$1,208,258 of the loan balance that had previously been funded by CDBG and HOME funds and the loans were transferred to the Housing Successor. Since the Housing Successor-funded loans are not offset by unavailable revenue, the transfer of those loans has been reported as a special item. With the dissolution of the Redevelopment Agency as discussed in Note 17, the portion of the Miraflores loan that was funded by the Redevelopment Agency's Low and Moderate Income Housing Fund was assumed by the City as Housing Successor.

The loan does not bear interest and the unpaid principal balance was due September 22, 2015, unless it was converted to a permanent loan. The loan was converted into a permanent loan on June 25, 2015. In addition to the converted permanent loan, the Housing Successor approved an additional predevelopment loan in the amount of \$1,500,000. As of June 30, 2018, \$2,786,392, of the loan had been drawn down.

MacDonald Place Senior Housing

On June 26, 2007, the former 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 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.

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NOTE 5 – NOTES AND LOANS RECEIVABLE (Continued)

Heritage Park Development

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

Silent Second Mortgage Loans

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

Chesley Avenue Mutual Housing Development

On December 1, 2003, the former Redevelopment Agency loaned Chesley Avenue Limited Partnership the amount of \$4,741,492, which includes accrued interest of \$1,185,968 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.

Easter Hill Project

The loan from the former 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.

NOTE 6 – CAPITAL ASSETS

A. Policies

Capital assets are valued at historical cost or at estimated acquisition value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least \$5,000, and the Housing Authority's policy is to capitalize assets costing at least \$1,000. Depreciation is recorded on a straight-line basis over the following estimated useful lives:

Improvements other than buildings	20 years
Buildings and building improvements	20 - 50 years
Vehicles	3 – 10 years
Infrastructure	25 - 50 years
Machinery and equipment	3 – 20 years

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 6 – CAPITAL ASSETS (Continued)

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

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

B. Current Year Activity

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

	Balance at June 30, 2017	Additions	Retirements	Transfers	Balance at June 30, 2018
<i>Governmental activities</i>					
Capital assets not being depreciated:					
Land	\$29,403,573			\$21,094	\$29,424,667
Construction in progress	68,938,598	\$12,761,765	(\$322,371)	(64,343,794)	17,034,198
Total capital assets not being depreciated	98,342,171	12,761,765	(322,371)	(64,322,700)	46,458,865
Capital assets being depreciated:					
Buildings and improvements	154,354,725			1,392,684	155,747,409
Machinery and equipment	45,927,136	1,625,535	(778,481)		46,774,190
Land improvements and infrastructure	470,427,347			62,930,016	533,357,363
Total capital assets being depreciated	670,709,208	1,625,535	(778,481)	64,322,700	735,878,962
Less accumulated depreciation for:					
Buildings and improvements	(37,105,802)	(3,484,757)			(40,590,559)
Machinery and equipment	(36,359,607)	(2,382,759)	773,109		(37,969,257)
Land improvements and infrastructure	(383,294,618)	(11,853,189)			(395,147,807)
Total accumulated depreciation	(456,760,027)	(17,720,705)	773,109		(473,707,623)
Capital asset being depreciated, net	213,949,181	(16,095,170)	(5,372)	64,322,700	262,171,339
Governmental activity capital assets, net	\$312,291,352	(\$3,333,405)	(\$327,743)		\$308,630,204

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, 2018 were as follows:

Governmental Activities	
General Government	\$3,618,724
Public Safety	1,303,058
Public Services	11,217,479
Cultural and Recreational	424,728
Internal Service Funds	1,156,716
Total Governmental Activities	\$17,720,705

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 6 – CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2017	Additions	Transfers	Balance at June 30, 2018
<i>Business-type activities</i>				
Capital assets not being depreciated:				
Land	\$7,195,986			\$7,195,986
Construction in progress	32,139,210	\$16,415,211	(\$20,152,901)	28,401,520
Total capital assets not being depreciated	39,335,196	16,415,211	(20,152,901)	35,597,506
Capital assets being depreciated:				
Buildings and improvements	79,313,834			79,313,834
Machinery and equipment	17,528,809			17,528,809
Infrastructure	204,183,151		20,152,901	224,336,052
Total capital assets being depreciated	301,025,794		20,152,901	321,178,695
Less accumulated depreciation for:				
Buildings and improvements	(49,997,408)	(2,412,731)		(52,410,139)
Machinery and equipment	(13,224,362)	(773,342)		(13,997,704)
Infrastructure	(100,885,248)	(4,664,948)		(105,550,196)
Total accumulated depreciation	(164,107,018)	(7,851,021)		(171,958,039)
Capital asset being depreciated, net	136,918,776	(7,851,021)	20,152,901	149,220,656
Business-type activity capital assets, net	\$176,253,972	\$8,564,190		\$184,818,162

Included in buildings and improvements is the Richmond Housing Authority's Hacienda Development with a net book value of \$8,038,038 at June 30, 2018 that was deemed uninhabitable in fiscal year 2013. The Hacienda property is still uninhabitable. However, the Housing Authority is working to find sources to fund the rehabilitation of the property, including funding from the U.S. Department of Housing and Urban Development. The City and Housing Authority staff believe the impairment of the capital asset to be temporary and no provision for impairment has been recorded in the financial statements.

Business-type activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2018 were as follows:

Business-Type Activities	
Richmond Housing Authority	\$1,637,570
Port of Richmond	3,775,336
Municipal Sewer	2,301,596
Richmond Marina	85,563
Storm Sewer	45,088
Cable TV	5,868
Total Business-Type Activities	\$7,851,021

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS

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

Bond premiums and discounts 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 expensed in the year incurred.

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

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

A. Governmental Activities

Following is a summary of governmental activities long-term debt transactions during the fiscal year ended June 30, 2018:

	Balance July 01, 2017	Additions (A)	Retirements (B)	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Bonds payable	\$266,333,299	\$5,560,256	(\$10,206,346)	\$261,687,209	\$11,175,000	\$250,512,209
Loans payable	1,993,820		(149,045)	1,844,775	557,498	1,287,277
Capital leases	6,872,843	2,687,645	(909,648)	8,650,840	1,010,501	7,640,339
Total	\$275,199,962	\$8,247,901	(\$11,265,039)	\$272,182,824	\$12,742,999	\$259,439,825

(A) Additions include bonds payable bond accretion for capital appreciation bonds totaling \$5,560,256, and a new capital lease in the amount of \$2,687,645.

(B) Retirements of bonds payable include principal retirements in the amount of \$10,143,000 and amortization of bond premiums in the amount of \$63,346.

Bonds Payable

Bonds payable at June 30, 2018 consisted of the following:

	Net
Pension Obligation Bonds - 1999 Series A	\$6,490,000
Pension Funding Bond Series 2005	143,955,289
JPFA Lease Revenue Refunding Bonds - 2009	81,585,000
JPFA Lease Revenue Bonds - 2016	29,656,920
Total	\$261,687,209

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

1999 Series A 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 City's pension plans 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. 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. Principal and interest paid for the current fiscal year and total pension tax override revenues were \$2,070,543 and \$9,075,692, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$1,375,000	\$440,967	\$1,815,967
2020	885,000	355,426	1,240,426
2021	795,000	291,838	1,086,838
2022	710,000	234,696	944,696
2023	620,000	184,023	804,023
2024-2028	1,885,000	381,954	2,266,954
2029-2030	220,000	14,099	234,099
Total	\$6,490,000	\$1,903,003	\$8,393,003

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 10). The Bonds consist of three series as shown below:

Bond Type & Series	Initial Interest Rate	Less: Credit Adjust- ment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Index Rate Conversion Data		
						Full Accretion Date	Adjusted Subsequent Interest Rate	Adjusted Maturity Value
Current Interest - 2005A	5.9350%	-0.1000%	5.8350%	8/1/13	\$26,530,000	n/a	n/a	n/a
Convertible Auction Rate Securities, Capital Appreciation Bonds -								
2005B-1	6.2550%	-0.1000%	6.1550%	8/1/23	47,061,960	8/1/13	1 month LIBOR + 1.4%	\$53,745,000
2005B-2	6.5650%	-0.1000%	6.4650%	8/1/34	41,403,173	8/1/23	1 month LIBOR + 1.4%	127,968,000
					<u>\$114,995,133</u>			<u>\$181,713,000</u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

Current Interest Bonds – The Series 2005A Bonds were fully repaid during fiscal year 2015.

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 1 month LIBOR index plus 1.4%. This rate fluctuates according to the market conditions and 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 and is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate. The Series 2005B-1 Bonds did not convert to auction rate bonds, and were instead converted to index rate bonds, as discussed above.

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds. The interest rate swap related to the 2005B-1 Bonds became effective August 1, 2013 while the 2005B-2 Bonds does not become effective until August 1, 2023, 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. The synthetic fixed rate for the 2005B-1 Bonds was 6.850% at June 30, 2018. Because neither the variable rate nor the swap rates are effective for the 2005B-2 Bonds as of June 30, 2018 the initial bond interest rates discussed above are used for disclosure purposes.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

At June 30, 2018, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	<u>\$181,713,000</u>	<u>\$5,560,256</u>	<u>(\$43,317,967)</u>	<u>\$143,955,289</u>

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2019	\$7,720,000	\$7,635,603	\$15,355,603
2020	8,366,000	7,066,210	15,432,210
2021	9,458,000	6,424,561	15,882,561
2022	10,302,000	5,723,682	16,025,682
2023	11,593,000	4,936,920	16,529,920
2024-2028	36,201,000	19,858,343	56,059,343
2029-2033	62,177,000	11,318,237	73,495,237
2034-2035	35,896,000	705,796	36,601,796
Total	<u>\$181,713,000</u>	<u>\$63,669,352</u>	<u>\$245,382,352</u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

The Series 2009 Bonds in the principal amount of \$81,585,000 have been recorded as governmental activities debt, and the business-type activities portion was fully repaid in fiscal year 2016.

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

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

On February 1, 2016, the interest rate swap agreement related to the 2009 Lease Revenue Refunding Bonds was terminated with the issuance of the Series 2016 Lease Revenue Bonds discussed below.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$2,080,000	\$4,627,238	\$6,707,238
2020	2,190,000	4,523,088	6,713,088
2021	2,315,000	4,410,463	6,725,463
2022	2,445,000	4,291,463	6,736,463
2023	2,580,000	4,156,163	6,736,163
2024-2028	15,550,000	18,283,876	33,833,876
2029-2033	22,550,000	12,904,672	35,454,672
2034-2038	31,875,000	4,915,172	36,790,172
Total	\$81,585,000	\$58,112,135	\$139,697,135

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 – Original Issue - \$28,390,000

On February 1, 2016, the Authority issued Series 2016 Lease Revenue Bonds in the amount of \$28,390,000. The proceeds from the Bonds were used to pay the obligations of the City related to the termination of the interest rate swap agreement and the option on swap agreement (swaption) related to the Authority's Series 2009 Lease Revenue Refunding Bonds and to pay the costs associated with the issuance of the Series 2016 Bonds. On February 3, 2016 the interest rate swap agreement and the swaption related to the Series 2009 Bonds were terminated with a swap termination payment of \$28,554,000.

The Bonds bear interest rates of 4.00% to 5.50%. Principal payments are due annually on November 1 through 2037 and semi-annual interest payments are due May 1 and November 1 commencing on May 1, 2016.

At June 30, 2018, the 2016 Bonds consisted of the following:

Bonds outstanding	\$28,390,000
Unamortized premium	1,266,920
Total	\$29,656,920

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2019		\$1,343,375	\$1,343,375
2020	\$235,000	1,337,206	1,572,206
2021	1,015,000	1,304,394	2,319,394
2022	1,080,000	1,248,050	2,328,050
2023	1,165,000	1,186,313	2,351,313
2024-2028	7,170,000	4,830,877	12,000,877
2029-2033	8,775,000	2,733,513	11,508,513
2034-2038	8,950,000	888,597	9,838,597
Total	\$28,390,000	\$14,872,325	\$43,262,325

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap and Swaption Agreements

The City entered into an interest swap agreement in connection with the 2005B-1 Taxable Pension Funding Bonds. The transaction allows the City to create a synthetic fixed rate or a synthetic variable rate on the Bonds, protecting it against increases and decreases in short-term interest rates. The various risks associated with the swap agreements are disclosed below. For the swap agreement pertaining to the 2005B-2 Taxable Pension Funding Bonds, the disclosure is included below, but the swap agreement does not become effective until August 1, 2023.

On May 13, 2015, Moody's Investor Services ("Moody's") downgraded the City's issuer rating from "A1" to "Baa1" and the rating on its 1999 Taxable Limited Obligation Pension Bonds from "A2" to "Baa2". In addition, the City and its Wastewater Enterprise bonds were placed under review for possible downgrades. On August 4, 2015, Moody's further downgraded the City's issuer rating from "Baa1" to "Ba1" and its rating on the City's Taxable Pension Obligation Bonds and 1999 Taxable Limited Obligation Pension Bonds ("POB's") from "Baa2". In addition, Moody's downgraded its rating on the City's Wastewater Revenue Bonds, Series 2006A to "Baa2" from "A2". On September 1, 2015, Standard and Poor's Rating Services ("S&P") lowered the City's Issuer Credit Rating from "AA-" to "BBB+" placing the City on CreditWatch. Other credit ratings downgrades included S&P's assigned underlying rating (SPUR) for the Wastewater Enterprise Fund that was lowered from "A+" to "BBB".

Moody's downgrade of the City's issuer rating to "Ba1" resulted in allowing the counterparty, JPMorgan Chase Bank, NA ("JPM") to declare an Additional Termination Event (ATE) with the interest rate swaps the City entered in conjunction with the 2005 Taxable POBs (2007 Swaps). This means that JPM could exercise a right to terminate the 2007 Swaps and demand immediate payment of an approximately \$31.5 million settlement amount that represented the present value of the City's expected future performance obligations under the 2007 Swaps at the time of the ATE. The City entered into a restructuring of certain of its obligations through the issuance by the Richmond Joint Powers Financing Authority of Lease Revenue Bonds Series 2016A (tax-exempt) to fund the cost of terminating the Civic Center Swaps relating to the Richmond Joint Powers Financing Authority Series 2009 Civic Center Lease Revenue Bonds held by Royal Bank of Canada (RBC). RBC simultaneously entered into a novation of the 2007 Swaps with JPM. By terminating the Civic Center Swaps, the City reduced RBC's credit exposure to the City sufficiently to allow RBC to accept the additional credit exposure associated with stepping into JPM's position in the 2007 swaps through novation. Contemporaneous with the novation from JPM to RBC, RBC and the City amended and restated the 2007 Swaps, including eliminating the existence of the ATE by removing reference to a Moody's rating in the ATE provisions, reducing the Standard & Poor's rating threshold for a future ATE to BBB- from BBB and providing a mandatory early termination of the 2007 Swaps in 2023. The early termination will require the City to either refund or restructure the 2007 Swap at that date if a termination payment is due at the time. In addition, terminating the Civic Center Swaps eliminated the risk of an ATE with respect to the Civic Center Swaps, which require the City to maintain its Issuer Credit Rating at the current level of BBB+ to avoid an ATE.

The City's issuer credit rating from S&P was BBB+ as of June 30, 2017. On December 4, 2017, the City received an updated issuer credit rating from S&P upgrading the previous BBB+ issuer credit rating to an A- issuer credit rating.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2018, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

Pay-Fixed, Receive-Variable Swap Agreements

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

Pay-Fixed, Receive-Variable

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2018	Termination Date
2005B-1 Taxable Pension Funding Bonds							
\$53,753,789	8/1/2013	Royal Bank of Canada	AA-/Aa2/AA	5.580%	100% of USD- 1 Month LIBOR	(\$4,128,800)	8/1/2023
2005B-2 Taxable Pension Funding Bonds							
\$127,990,254	8/1/2023	Royal Bank of Canada	AA-/Aa2/AA	5.665%	100% of USD-1 Month LIBOR	(\$18,811,000)	8/1/2034

Fair value. Fair value of the swaps 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 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. The swaps are classified in Level 2 of the fair value hierarchy, using a market approach that considers observable swap rates commonly quoted for the full term of the swaps.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

As of June 30, 2018, the fair value for the each of the outstanding swaps was in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the ineffective hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2018	
	Classification	Amount	Classification	Amount
<i>Governmental Activities</i>				
<i>Pay-Fixed, Receive-Variable</i>				
2005B-1 Taxable Pension Funding Bonds	Investment revenue	\$3,414,700	Investment	(\$4,128,800)
2005B-2 Taxable Pension Funding Bonds	Investment revenue	2,585,200	Investment	(18,811,000)
<i>Totals</i>		<u>\$5,999,900</u>		<u>(\$22,939,800)</u>

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2018, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

Interest rate risk. The City will be exposed to interest rate risk for the Pay-Fixed, Receive-Variable swaps only if the counterparty to the swaps defaults or if the swaps are terminated.

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

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2018, debt service requirements of the City's outstanding fixed rate 2005 Taxable Pension Funding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-2 Bond is not included in the table, because the swap is not effective until August 1, 2023. As rates vary, net swap payments will vary.

2005 Taxable Pension Funding Bonds

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate	
	Principal	Interest	Swap, Net (A)	Total
2019	\$7,720,000	\$6,057,087	\$1,578,516	\$15,355,603
2020	8,366,000	5,768,787	1,297,423	15,432,210
2021	9,458,000	5,443,902	980,659	15,882,561
2022	10,302,000	5,089,027	634,655	16,025,682
2023	11,593,000	4,690,667	246,253	16,529,920
2024-2028	36,201,000	19,840,211	18,132	56,059,343
2029-2033	62,177,000	11,318,237		73,495,237
2034-2035	35,896,000	705,796		36,601,796
Total	\$181,713,000	\$58,913,714	\$4,755,638	\$245,382,352

(A) Includes only the 2005 B-1, because the 2005 B-2 is not effective until August 1, 2023.

Loans Payable

Loans payable at June 30, 2018 consisted of the following:

City Loans Payable

CalTrans Home Loans	\$428,886
California Energy Commission Loan #1	404,693
California Energy Commission Loan #2	1,011,196
	<u>\$1,844,775</u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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.

California Energy Commission Phase 1 – Original Amount \$621,558

On April 22, 2013, the City entered into a loan agreement with the California Energy Commission in the amount of \$621,558. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears a 3% interest rate and is due in semi-annual payments in December and June through December 2025.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$48,888	\$11,778	\$60,666
2020	50,338	10,328	60,666
2021	51,886	8,779	60,665
2022	53,455	7,211	60,666
2023	55,071	5,595	60,666
2024-2026	145,055	6,605	151,660
Total	<u>\$404,693</u>	<u>\$50,296</u>	<u>\$454,989</u>

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

California Energy Commission Phase 2 – Original Amount \$1,239,036

During fiscal year 2015, the City entered into a loan agreement with the California Energy Commission in the amount of \$1,239,036. The purpose of the loan is to provide funding for the replacement of street lighting with new LED lights. The loan bears interest at 1% and is due in semi-annual payments in December and June through June 2030.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$79,724	\$9,914	\$89,638
2020	80,499	9,139	89,638
2021	81,331	8,308	89,639
2022	82,146	7,492	89,638
2023	82,969	6,669	89,638
2024-2028	427,470	20,721	448,191
2029-2030	177,057	2,220	179,277
Total	\$1,011,196	\$64,463	\$1,075,659

Capital Leases

Capital leases payable at June 30, 2018 consisted of the following:

Qualified Energy Conservation Lease	\$622,149
JPFA Recovery Zone Economic Development Lease	744,414
Holman Capital Corporation Lease #3	71,139
Holman Capital Corporation Lease #4	1,058,325
Street Light Capital Lease	3,467,168
Holman Capital Corporation Lease #5	2,687,645
Total	\$8,650,840

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

On December 22, 2010 the City entered into a capital lease with Bank of America in the amount of \$1,052,526 to finance the purchase and installation of energy conservation equipment at various City-owned buildings. The City received an allocation of the national Qualified Energy Conservation Bond which includes a direct subsidy from the United States Treasury for the interest payable on the bonds under the Hiring Incentives to Restore Employment Act (HIRE Act). The subsidy will be payable on or about the date that the City makes its debt service payments and is equal to 59.79% of the interest payable on the lease. The subsidy received in fiscal year 2018 was \$25,550. The lease bears interest at a rate of 6.79% and principal and interest payments are due semi-annually each June 15 and December 15 commencing on December 15, 2011 through June 15, 2026.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$70,591	\$41,054	\$111,645
2020	72,531	36,228	108,759
2021	74,525	31,269	105,794
2022	76,573	26,175	102,748
2023	78,678	20,940	99,618
2024-2026	249,251	29,952	279,203
Total	\$622,149	\$185,618	\$807,767

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

On December 1, 2010 the Authority entered into a capital lease with Bank of America in the amount of \$1,316,000 to finance the improvements to three of the City's fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy received in fiscal year 2018 was \$22,087. The lease bears interest at a rate of 6.50% and principal and interest payments on the lease are due semi-annually each June 15 and December 15, commencing on June 15, 2011, through 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$88,203	\$46,966	\$135,169
2020	91,385	41,182	132,567
2021	94,681	35,189	129,870
2022	98,096	28,979	127,075
2023	101,634	22,546	124,180
2024-2026	270,415	26,677	297,092
Total	\$744,414	\$201,539	\$945,953

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Holman Capital Corporation Lease #2 - Equipment - Original Amount \$2,854,454

On June 1, 2012, the City entered into a capital lease agreement with Holman Capital Corporation to refinance two SunTrust leases for the acquisition of street sweeping vehicles and trucks, fire vehicles and related equipment and various other vehicles. The lease bears interest rates that range from 2.21 % to 3.06%. Principal and interest payments on the lease are due semi-annually on each June 26 and December 26 commencing on June 26, 2012 through 2017. The final lease payment was made during fiscal year 2018.

Holman Capital Corporation Lease #3 – Mall Directional Signs - Original Amount \$502,500

On June 1, 2012, the City entered into a capital lease agreement with Holman Capital Corporation to finance the purchase of mall directional signs. The lease bears an interest rate of 3.35%. Principal and interest payments on the lease are due semi-annually on each June 26 and December 26 commencing on June 26, 2012 through 2019.

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

For the Years			
Ending June 30,	Principal	Interest	Total
2019	\$71,139	\$1,602	\$72,741

Holman Capital Corporation Lease #4 – West Contra Costa Family Justice Center - Original Amount \$2,000,000

On November 1, 2012 the City entered into a lease agreement with Holman Capital Corporation in the amount of \$2,000,000 to finance improvements to the City's West Contra Costa Family Justice Center. The lease bears an interest rate of 3.17%. Principal and interest payments on the lease are due semi-annually on each July 14 and January 14 commencing on July 14, 2013 through January 14, 2023.

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

For the Years			
Ending June 30,	Principal	Interest	Total
2019	\$204,217	\$31,943	\$236,160
2020	210,743	25,419	236,162
2021	217,476	18,684	236,160
2022	224,424	11,736	236,160
2023	201,465	4,564	206,029
Total	\$1,058,325	\$92,346	\$1,150,671

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Street Light Capital Lease - Original Amount \$4,641,936

On July 31, 2013 the City entered into a lease agreement with Bank of America in the amount of \$4,641,936 to finance the purchase of streetlights and the associated upgrade costs. The lease bears an interest rate of 2.55%. Principal and interest payments on the lease are due semi-annually on each October 30 and April 30 commencing on April 30, 2014 through October 30, 2026.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$352,159	\$86,211	\$438,370
2020	370,787	77,114	447,901
2021	390,184	67,538	457,722
2022	410,373	57,461	467,834
2023	431,386	46,865	478,251
2024-2027	1,512,279	72,553	1,584,832
Total	\$3,467,168	\$407,742	\$3,874,910

Holman Capital Corporation Lease #5 – Fire Apparatus Equipment Lease - Original Amount \$2,687,645

On May 17, 2018 the City entered into a lease agreement with Holman Capital Corporation in the amount of \$2,687,645 to finance the purchase of one Spartan Ladder Truck and two Spartan Pumper Trucks. The lease bears an interest rate of 3.91%. Principal and interest payments on the lease are due quarterly on each August 17, November 17, February 17, and May 17 commencing on August 17, 2018 through May 17, 2028.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$224,192	\$101,827	\$326,019
2020	233,088	92,931	326,019
2021	242,336	83,683	326,019
2022	251,951	74,068	326,019
2023	261,946	64,070	326,016
2024-2028	1,474,132	155,959	1,630,091
Total	\$2,687,645	\$572,538	\$3,260,183

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018:

	Balance July 01, 2017	Additions (A)	Retirements (B)	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Bonds payable	\$118,902,238	\$39,435,634	(\$13,051,393)	\$145,286,479	\$5,705,000	\$139,581,479
Notes and Loans payable	3,401,553		(85,245)	3,316,308	89,081	3,227,227
Total	\$122,303,791	\$39,435,634	(\$13,136,638)	\$148,602,787	\$5,794,081	\$142,808,706

(A) Additions include the issuance of new bonds in the amount of \$33,530,000 and a bond premium in the amount of \$5,905,634.

(B) Retirements of bonds payable include principal retirements in the amount of \$12,585,000 and amortization of bond premiums and discounts in the amount of \$466,393.

Bonds payable at June 30, 2018 consisted of the following:

Wastewater Refunding Revenue Bonds 2008A	\$32,730,327
2009A Point Potrero Lease Revenue Bonds	26,711,948
2009B Point Potrero Lease Revenue Bonds	6,875,759
Wastewater Revenue Bonds Series 2010B	39,713,273
Wastewater Revenue Bonds Series 2017A	39,255,172
Total	\$145,286,479

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

On October 17, 2006 the City issued \$16,570,000 of Wastewater Revenue Bonds, Series 2006A and \$32,260,000 of Wastewater Revenue Bonds, Series 2006B to refund the remaining \$38,516,264 principal amount of the Wastewater Revenue Bonds, Series 1999 and to fund certain capital costs of the City's Wastewater Enterprise. Net proceeds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the 1999 Wastewater Bonds. The outstanding defeased bonds were called during the fiscal year ended June 30, 2010. During the fiscal year ended June 30, 2009, the City issued \$33,015,000 of Wastewater Revenue Refunding Bonds, Series 2008A to refund the 2006B Bonds. Principal and interest payments were due semi-annually on February 1 and August 1 of each year through August 2022 for the Series 2006A bonds. During the fiscal year ended June 30, 2018, the City issued \$33,530,000 of Wastewater Revenue Bonds, Series 2017A (described below) to refund the 2006A Bonds.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of \$33,015,000. The proceeds from the Bonds were used to refund the City's 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Barclays Bank PLC letter of credit was renewed in July 2017 and is valid through July 10, 2020. 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 3.265% at June 30, 2018.

At June 30, 2018, the Bonds consisted of the following:

Bonds outstanding	\$32,875,000
Unamortized discount	(144,673)
Net	<u><u>\$32,730,327</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$20,000	\$1,427,913	\$1,447,913
2020	20,000	1,427,509	1,447,509
2021	20,000	1,427,800	1,447,800
2022	20,000	1,426,654	1,446,654
2023	25,000	1,426,232	1,451,232
2024-2028	8,870,000	6,069,850	14,939,850
2029-2033	10,770,000	3,911,845	14,681,845
2034-2038	13,090,000	1,288,466	14,378,466
2039	40,000	306	40,306
Total	<u><u>\$32,875,000</u></u>	<u><u>\$18,406,575</u></u>	<u><u>\$51,281,575</u></u>

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreement

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

Terms. The terms, including the counterparty credit rating of the outstanding 2006B Bonds swap, as of June 30, 2018, are included below. The swap agreement contains scheduled reductions to the outstanding notional amount on an annual basis.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Fixed Rate Paid	Variable Rate Received	Fair Value at June 30, 2018	Termination Date
					63.42% of USD-1 Month LIBOR plus 22 basis points		
\$32,260,000	11/23/2009	Royal Bank of Canada	AA-/Aa2/AA	3.897%		(\$6,744,600)	8/1/2037

Based on the swap agreement, the City owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that *approximates* the rate required by the Bonds. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

Fair value. Fair value of the 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. The swap is classified as Level 2 of the fair value hierarchy, using a market approach that considers observable swap rates commonly quoted for the full term of the swap.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

As of June 30, 2018, the fair value for the outstanding swap was in favor of the respective counterparty. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of the ineffective hedge as noted below:

	Changes in Fair Value		Fair value at June 30, 2018	
	Classification	Amount	Classification	Amount
<i>Business-Type Activities</i>				
Pay-Fixed, Receive-Variable				
2006B Wastewater Bonds	Investment revenue	\$2,036,200	Investment	(\$6,744,600)

Credit risk. As of June 30, 2018, 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 was to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

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

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2018, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term are as follows. As rates vary, variable-rate bond *interest payments* and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Variable-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2019	\$20,000	\$664,893	\$763,020	\$1,447,913
2020	20,000	664,489	763,020	1,447,509
2021	20,000	664,780	763,020	1,447,800
2022	20,000	663,634	763,020	1,446,654
2023	25,000	663,212	763,020	1,451,232
2024-2028	8,870,000	2,858,945	3,210,905	14,939,850
2029-2033	10,770,000	1,864,037	2,047,808	14,681,845
2034-2038	13,090,000	654,351	634,115	14,378,466
2039	40,000	306		40,306
Total	\$32,875,000	\$8,698,647	\$9,707,928	\$51,281,575

Richmond Joint Powers Financing Authority Point Potrero Lease Revenue Bonds, Series 2009A and 2009B – Original Issue Series 2009A (\$26,830,000), Series 2009B (\$20,820,000)

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

At June 30, 2018 the Series 2009A Bonds consisted of:

Bonds outstanding	\$26,830,000
Unamortized discount	(118,052)
Net	\$26,711,948

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2019		\$1,676,875	\$1,676,875
2020		1,676,875	1,676,875
2021	\$3,905,000	1,554,844	5,459,844
2022	4,150,000	1,303,125	5,453,125
2023	4,405,000	1,035,781	5,440,781
2024-2025	14,370,000	1,054,375	15,424,375
Total	\$26,830,000	\$8,301,875	\$35,131,875

At June 30, 2018 the Series 2009B Bonds consisted of:

Bonds outstanding	\$6,920,000
Unamortized discount	(44,241)
Net	\$6,875,759

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$3,320,000	\$441,419	\$3,761,419
2020	3,600,000	151,031	3,751,031
Total	\$6,920,000	\$592,450	\$7,512,450

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Wastewater Revenue Bonds Taxable Build America Bonds, Series 2010B– Original Issue \$41,125,000

On October 7, 2010 the City issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of \$41,125,000. The proceeds of these Bonds were used to finance improvements to the City’s wastewater collection, treatment and disposal system. The taxable 2010B Bonds were sold as “Build America Bonds” pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt and therefore the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury equal to 35% of the interest payable on the Bonds. The subsidy will be payable on or about the date that the City makes its debt service payments and the total subsidy received in fiscal year 2018 was \$797,193. Principal payments on the Bonds will be made annually on August 1. The Bonds bear interest of rates that range from 3.757% to 6.461% and payments are due semiannually on August 1 and February 1 beginning February 1, 2011. The Bonds mature on August 1, 2040.

At June 30, 2018 the Series 2010B Bonds consisted of:

Bonds outstanding	\$40,010,000
Unamortized discount	(296,727)
Net	<u><u>\$39,713,273</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$1,145,000	\$2,397,359	\$3,542,359
2020	1,175,000	2,347,247	3,522,247
2021	1,210,000	2,293,638	3,503,638
2022	1,245,000	2,232,267	3,477,267
2023	1,285,000	2,164,033	3,449,033
2024-2028	7,145,000	9,686,273	16,831,273
2029-2033	8,670,000	7,284,135	15,954,135
2034-2038	10,630,000	4,198,034	14,828,034
2039-2041	7,505,000	740,593	8,245,593
Total	<u><u>\$40,010,000</u></u>	<u><u>\$33,343,579</u></u>	<u><u>\$73,353,579</u></u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Richmond Wastewater Revenue Bonds, Series 2017A– Original Issue \$33,530,000

On July 19, 2017 the City issued Series 2017A Wastewater Revenue Bonds in the amount of \$33,530,000. The proceeds from the Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system and to refund all of the City's outstanding Wastewater Revenue Refunding Bonds, Series 2006A. Principal payments are due annually on August 1. Interest rates on the Bonds range from 2% to 5.25% and payments are due semiannually on August 1 and February 1 beginning February 1, 2018. The refunding resulted in an overall debt service savings of \$565,625. The net present value of the debt service savings is called an economic gain and amounted to \$522,953. The bonds mature on August 1, 2047.

At June 30, 2018 the Series 2017A Bonds consisted of:

Bonds outstanding	\$33,530,000
Unamortized premium	5,725,172
Net	<u><u>\$39,255,172</u></u>

The annual debt service requirements on the 2017A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2019	\$1,220,000	\$1,650,950	\$2,870,950
2020	1,255,000	1,613,650	2,868,650
2021	1,305,000	1,562,450	2,867,450
2022	1,365,000	1,502,225	2,867,225
2023	1,430,000	1,432,350	2,862,350
2024-2028		6,983,000	6,983,000
2029-2033		6,983,000	6,983,000
2034-2038		6,983,000	6,983,000
2039-2043	7,415,000	6,511,875	13,926,875
2044-2048	19,540,000	2,671,987	22,211,987
Total	<u><u>\$33,530,000</u></u>	<u><u>\$37,894,487</u></u>	<u><u>\$71,424,487</u></u>

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2008A, 2010B, and 2017A Bonds through 2048. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$196,059,641. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were \$7,999,008 and \$11,867,127, respectively.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

Notes and Loans Payable

Notes and loans payable at June 30, 2018, consisted of the following:

California Department of Boating and Waterways	\$2,616,308
RHA RAD Housing Partners L.P. Promissory Note	700,000
Total	<u><u>\$3,316,308</u></u>

California Department of Boating and Waterways

The City has three loan agreements with the California Department of Boating and Waterways for total borrowings of \$9,427,000. Proceeds from the loans were used to finance marina construction projects. The loans bear interest at rates ranging from 4.5% to 7.9% and are due in annual installments through August 2042. The total amount outstanding at June 30, 2018 was \$2,616,308.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$89,081	\$117,734	\$206,815
2020	93,090	113,725	206,815
2021	97,279	109,536	206,815
2022	101,656	105,159	206,815
2023	106,231	100,584	206,815
2024-2028	607,310	426,765	1,034,075
2029-2033	714,786	277,257	992,043
2034-2038	568,109	126,959	695,068
2039-2043	238,766	17,545	256,311
Total	<u><u>\$2,616,308</u></u>	<u><u>\$1,395,264</u></u>	<u><u>\$4,011,572</u></u>

RHA RAD Housing Partners, LP Promissory Note

On December 17, 2014, the Housing Authority's Component Unit, RHA Housing Corporation, entered into an agreement with the City and promised to pay a principal amount of \$700,000, plus accrued interest. The proceeds of the Note were then loaned from RHA Housing Corporation to the Housing Authority to finance acquisitions and development of the properties undergoing rehabilitation work in conjunction with a RAD conversion (Friendship Manor/Triangle Court). On December 22, 2015, the official closing of the RAD conversion took place, at which time the Note was assigned to a newly created entity, RHA RAD Housing Partners, L.P. The Note payable to the City was assigned from RHA Corporation to RHA RAD Housing Partners, L.P. along with a note receivable from the Housing Authority. The principle balance shall bear 1% simple interest. The term of the Note shall expire fifty-five years after. The balance of the promissory note at June 30, 2018 was \$700,000.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM DEBT OBLIGATIONS (Continued)

In fiscal year 2015, the City had advanced the \$700,000 to the Richmond Housing Authority Enterprise Fund, however, in fiscal year 2016 that loan was assigned to RHA RAD Housing Partners L.P. as discussed in Note 5. Therefore, the Richmond Housing Authority Enterprise Fund now owes this amount to RHA RAD Housing Partners L.P. and the interfund advance was converted to long-term debt in fiscal year 2016.

C. *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, 2018, the balances of these Districts' outstanding debt were as follows:

Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2011A	\$1,530,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2016 (Country Club Vista)	7,435,000

D. *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, 2018, the balance of this issuers' outstanding debt was as follows:

Richmond Community Foundation, Richmond Housing Rehabilitation Program, Social Impact Bonds, Taxable Series 2015A	\$3,000,000

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 8 – UNAVAILABLE REVENUE AND UNEARNED REVENUE

At June 30, 2018, the following unavailable revenues were recorded in the Fund Financial Statements because the funds were not available to finance expenditures of the current period:

	Loans Receivable	Accounts and Grants Receivable	Total
General Fund	\$432,357	\$125,753	\$558,110
Community Development and Loan Programs Special Revenue Fund	20,527,971	333,941	20,861,912
Non-Major Governmental Funds	779,013	2,843,491	3,622,504
Total	\$21,739,341	\$3,303,185	\$25,042,526

At June 30, 2018, the following unearned revenues were recorded in the City-wide financial statements on the Statement of Net Position:

	CAD Fees Enhancement	Prepaid Rent	Developer Fees & Other	Total
General Fund		\$3,471,391	\$602,466	\$4,073,857
Non-Major Governmental Funds		2,895,537	715,620	3,611,157
Richmond Housing Authority Enterprise Fund			70,191	70,191
Port of Richmond Enterprise Fund			533,558	533,558
Municipal Sewer Enterprise Fund			36,280	36,280
Internal Service Funds	\$783,820			783,820
Total	\$783,820	\$6,366,928	\$1,958,115	\$9,108,863

NOTE 9 – FUND BALANCES AND NET POSITION

A. Net Position

In the City-wide financial statements, Net Position is classified as follows:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation plus deferred outflows of resources associated with the refunding of related capital debt, reduced by outstanding debt that was used for the acquisition, construction, or improvement of these capital assets.

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

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

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

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

B. Fund Balances

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

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by the same formal action of the City Council. The highest level of formal action of the City Council is an Ordinance.

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

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2018, are below:

Fund Balance Classifications	General Fund	Community Development and Loan Programs Special Revenue Fund	Other Governmental Funds	Total
Nonspendable:				
Items not in spendable form:				
Prepays, supplies and other assets	\$622,329			\$622,329
Loans receivable	1,212,042			1,212,042
Advance to other funds	16,133,282			16,133,282
Total Nonspendable Fund Balances	17,967,653			17,967,653
Restricted for:				
Street Improvement Projects			\$2,367,517	2,367,517
Employment and Training Programs			2,019,263	2,019,263
Public Safety Grant Programs (Police and Fire)			324,961	324,961
Lighting and Landscaping			1,222,852	1,222,852
Housing and Community Development		\$25,064,193	175,583	25,239,776
Debt Service			9,844,431	9,844,431
Community Development Projects			19,477,072	19,477,072
Other Capital Projects			3,629,481	3,629,481
Total Restricted Fund Balances		25,064,193	39,061,160	64,125,353
Assigned to:				
Other Capital Projects			43,906	43,906
Other Contracts	72,506			72,506
Total Assigned Fund Balances	72,506		43,906	116,412
Unassigned:				
General Fund	17,590,764			17,590,764
Other Governmental Fund Deficit Residuals			(8,939,781)	(8,939,781)
Total Unassigned Fund Balances	17,590,764		(8,939,781)	8,650,983
Total Fund Balances (Deficits)	\$35,630,923	\$25,064,193	\$30,165,285	\$90,860,401

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)

C. Contingency Reserve Policy

In fiscal year 2016, the City Council updated the fund balance policy to require the City to maintain a year-end contingency reserve balance of a minimum of 15% of the next year's budgeted General Fund expenditures. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The City's cash reserve as of June 30, 2018, which is a component of unassigned fund balance of the General Fund, is \$17,498,226, which is approximately 11% of fiscal year 2018-19 budgeted General Fund expenditures. As the City experiences net revenue gains in future years, the cash balance must continue to be maintained at or above to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services.

D. Deficit Fund Balances and Accumulated Deficits

At June 30, 2018, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

	<u>Amount</u>
Non Major Governmental Funds:	
Paratransit Operations Special Revenue Fund	\$2,908,749
Rent Control Special Revenue Fund	87,679
Cost Recovery Special Revenue Fund	3,090,390
General Debt Service Fund	87
Civic Center Debt Service Fund	2,852,876
Non Major Enterprise Funds:	
Storm Sewer	2,616,147
Cable TV	3,413,725
Internal Service Fund:	
Insurance Reserves	6,462,314
Private-Purpose Trust Fund:	
Successor Agency to the Richmond	
Community Redevelopment Agency	49,351,828

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 9 – FUND BALANCES AND NET POSITION (Continued)
E. Net Position Restatements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the City to make prior period adjustments. As a result, the beginning net position of the Governmental Activities, Business-Type Activities, Enterprise Funds and the Insurance Reserve Internal Service Fund were restated and reduced by the amounts in the table below. See Note 12.

	Restatement
Governmental activities	\$117,406,476
Business-type activities	9,161,411
Enterprise Funds:	
Richmond Housing Authority Fund	4,589,812
Port Fund	1,038,172
Municipal Sewer Fund	1,821,354
Storm Sewer Fund	91,068
Cable TV Fund	1,621,005
Insurance Reserves Internal Service Fund	2,003,489

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the CalPERS Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS
(Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The City’s employees hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% @ 55 Benefit Formula or the Safety Plan under the 3.0% @ 50 (Police) or 3.0% @ 55 (Fire) Benefit Formula. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. The City’s employees hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% @ 62 Benefit Formula or the 2.7% @ 57 (Police and Fire) Benefit Formula.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	12.242%	12.242%
Required UAL Contribution	\$6,121,476	

	Safety - Police	Safety - Fire	Safety - Police and Fire
	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.00%*	9.00%*	11.25%
Required employer contribution rates	19.813%	19.813%	19.813%
Required UAL Contribution	\$7,884,396		

* Effective July 1, 2015, Safety (Police and Fire) employees hired prior to January 1, 2013 pay 3% of the employer's required contribution. Therefore, the required employer contribution rate is 16.813% and required employee contribution rate is 12%.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS
(Continued)

Beginning in fiscal year 2016, CalPERS collects employer contributions for each Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis. The City’s required contributions for the unfunded liability in the Miscellaneous and Safety Plans were \$6,121,476 and \$7,884,396, respectively, as noted in the tables above.

Employees Covered – As of the June 30, 2016 actuarial valuation date and the June 30, 2017 measurement date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous		Safety	
	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017
Inactive employees or beneficiaries currently receiving benefits	894	915	490	502
Inactive employees entitled to but not yet receiving benefits	511	509	74	76
Active employees	469	454	258	248
Total	1,874	1,878	822	826

As of June 30, 2018, the City had 451 active employees in the Miscellaneous Plan and 258 active employees in the Safety Plan.

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2018 were \$10,436,250 for the Miscellaneous Plan and \$14,013,858 for the Safety Plan.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS
(Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous (1)	Safety (1)
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.2% -12.2% (2)	3.7% - 20.0% (2)
Investment Rate of Return	7.50% (3)	7.50% (3)
Mortality	Derived using CalPERS Membership Data for all Funds (4)	Derived using CalPers Membership Data for all Funds (4)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Actuarial assumptions are the same for all benefit tiers

(2) Depending on age, service and type of employment

(3) Net of pension plan investment expenses, including inflation

(4) The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2014 Experience Study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability as of the June 30, 2017 Measurement Date for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016 Measurement Date	\$446,234,376	\$326,226,506	\$120,007,870
Changes in the year:			
Service cost	8,053,459		8,053,459
Interest on the total pension liability	32,804,753		32,804,753
Differences between actual and expected experience	(4,464,966)		(4,464,966)
Changes in assumptions	25,548,824		25,548,824
Changes in benefit terms			
Plan to plan resource movement		(50,018)	50,018
Contribution - employer		8,860,295	(8,860,295)
Contribution - employees		2,996,354	(2,996,354)
Net investment income		35,805,938	(35,805,938)
Administrative expenses		(481,651)	481,651
Benefit payments, including refunds of employee contributions	(25,074,448)	(25,074,448)	
Net changes	36,867,622	22,056,470	14,811,152
Balance at June 30, 2017 Measurement Date	\$483,101,998	\$348,282,976	\$134,819,022

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016 Measurement Date	\$580,176,320	\$411,354,659	\$168,821,661
Changes in the year:			
Service cost	11,650,927		11,650,927
Interest on the total pension liability	43,264,626		43,264,626
Differences between actual and expected experience	797,969		797,969
Changes in assumptions	35,109,898		35,109,898
Changes in benefit terms			
Plan to plan resource movement		50,018	(50,018)
Contribution - employer		12,699,049	(12,699,049)
Contribution - employees		4,471,008	(4,471,008)
Net investment income		45,166,243	(45,166,243)
Administrative expenses		(607,337)	607,337
Benefit payments, including refunds of employee contributions	(33,620,000)	(33,620,000)	
Net changes	57,203,420	28,158,981	29,044,439
Balance at June 30, 2017 Measurement Date	\$637,379,740	\$439,513,640	\$197,866,100
Totals - Miscellaneous and Safety Plans	\$1,120,481,738	\$787,796,616	\$332,685,122

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$195,707,528	\$282,296,768
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$134,819,022	\$197,866,100
1% Increase	8.15%	8.15%
Net Pension Liability	\$84,290,283	\$128,531,169

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$53,518,486. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$10,436,250	
Differences between Expected and Actual Experience		(\$2,504,700)
Changes of Assumptions	13,382,717	
Net Differences between Projected and Actual Earnings on Pension Plan Investments	5,056,303	
Total	\$28,875,270	(\$2,504,700)
Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$14,013,858	
Differences between Expected and Actual Experience	2,650,654	
Changes of Assumptions	25,357,149	(\$1,809,233)
Net Differences between Projected and Actual Earnings on Pension Plan Investments	6,422,812	
Total	\$48,444,473	(\$1,809,233)
Total Both Plans	\$77,319,743	(\$4,313,933)

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 10 – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM PENSION PLANS
(Continued)

\$24,450,108 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous	Safety	Total
2019	\$9,691,347	\$9,499,799	\$19,191,146
2020	6,744,137	17,757,367	24,501,504
2021	2,109,436	8,648,932	10,758,368
2022	(2,610,600)	(3,284,716)	(5,895,316)
2023			
Total	\$15,934,320	\$32,621,382	\$48,555,702

E. Subsequent Change in Discount Rate

In December 2016, CalPERS’ Board of Directors voted to lower the discount rate used in its actuarial valuations from 7.5% to 7.0% over three fiscal years, beginning in fiscal year 2018. The change in the discount rate will affect the contribution rates for employers beginning in fiscal year 2019 and result in increases to employers’ normal costs and unfunded actuarial liabilities.

NOTE 11 – OTHER CITY PENSION PLANS

A. Plan Descriptions and Funding Policies

The City administers 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, covers twelve former City employees (or their beneficiaries) not covered by CalPERS, all of whom have retired. The Police and Firemen’s Pension Plan, a defined benefit pension plan, covers thirty-six retired police and fire personnel (or their beneficiaries) employed prior to October 1964. The Garfield Pension Plan is a defined benefit pension plan established for a retired police chief. The Plans provide retirement, disability, and death benefits based on the employee’s years of service, age and final compensation. Benefit provisions for the Plans are established by City Ordinance. No separate financial statements are issued for the Plans.

The City established the Secured Pension Override Special Revenue Fund to which proceeds of a special incremental property tax levy voted by the citizens of the City of Richmond are credited for the payment of benefits under the City’s pension plans. The incremental property tax revenue received for the year ended June 30, 2018 was \$9,075,692, and the City used the funds to pay the General Pension Plan and the Police and Firemen’s Pension Plan contributions of \$73,383 and \$1,270,466, respectively.

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

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. Management of the Plan is vested in the General Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of five members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, and two members to be elected every five years by secret ballot vote of the rank and file of Plan employees and of Plan employees who have retired and are receiving pensions from the Plan. Four members of the General Pension Board are to be concurred in by four members.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the average annual salary attached to the position held by the retiree during the three years prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an automatic increase of 2% per year. City Council may grant additional increases of up to 3% per year to bring the total increase in a given year to 5%.

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. Management of the Plan is vested in the Pension Board which consists of seven members: the Mayor, City Manager, Director of Finance, two members appointed by the Mayor, with the concurrence of four members of the City Council, each of whom shall be and remain a resident of the City in order to be a member of the Board and serve a term of five years, one representative of the Police Department and one representative of the Fire Department.

The Plan is closed to new members. Retirement benefits for Plan members are calculated as one-half of the annual salary attached to the rank or position held by the retiree one year prior to the date of retirement. Surviving spouses receive 100% of the retiree's pension. Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are an increase each year for changes in the salary attached to the retiree's rank in the year before retirement.

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. Management of the Plan is vested in the City Council.

Mr. Garfield's pension and any continuation to his spouse receive the same cost-of-living increases as the City's police employees covered by CalPERS. (CalPERS cost-of-living increases include a 2% per year increase, subject to CPI increase constraints, and purchasing power protection through the CalPERS Purchasing Power Protection Allowance.) Mr. Garfield's surviving spouse receives 50% of the retiree's pension.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 11 – OTHER CITY PENSION PLANS (Continued)

B. 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.

C. Pension Plan Assets

At June 30, 2018 the pension plans reported assets available for benefits as shown below. For actuarial purposes, the value of the Plans' assets were determined to be fair value.

City of Richmond Investment Pool	\$1,526,074
Local Agency Investment Fund (Garfield Plan)	176,245
Wellington Trust Company Mutual Fund (Police and Firemen's Plan)	10,932,280
Interest receivable	<u>2,474</u>
Assets available for benefits at June 30, 2018	<u><u>\$12,637,073</u></u>

The Wellington Trust Company Fund investments, classified in Level 2 of the fair value hierarchy, are valued using the market approach, which uses prices and other information generated from market transactions, which typically includes securities priced with unadjusted market quotes, evaluated bids, market multiples, and trade information, and also generally includes short term securities valued at amortized cost which approximates market value. The City of Richmond Investment Pool and the California Local Agency Investment Fund (LAIF) are not subject to the fair value hierarchy. Fair value is defined as the quoted market value on the last trading day of the period.

Investment Policies

The General Pension and Police and Firemen's Pension Plans' policies in regard to the allocation of invested assets is established and may be amended by Resolution of the respective Boards. The Plans allow investments in the following:

- (a) In investments which are authorized by General law for savings banks.
- (b) In investments other than those specified in subdivision (a) hereof, including, but not limited to, corporate bonds and securities, common stocks, preferred stocks, investments in real estate and investment trusts, provided that the total amount invested pursuant to this subdivision shall not exceed fifty percent (50%) of the total amount of funds invested pursuant to this section, and provided further that the following conditions are met:
 - (1) Any stocks or other corporate securities, in which funds are invested, except stocks of banks, insurance companies or mutual funds, shall be registered on a national securities exchange as provided by the Federal Securities Exchange Act.

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

- (2) The total amount invested in common and preferred stocks shall not exceed at cost at the time of purchase twenty-five percent of the total amount invested pursuant to this section.
- (3) The total amount invested in the common and preferred stocks of any one company shall not exceed at cost of the time of purchase two percent of the total amount invested pursuant to this section and shall not exceed five percent of the outstanding preferred or common stock of that company.
- (4) No funds shall be invested in the common stocks of any company unless it has paid cash dividends on such stocks in eight of the ten years immediately preceding its purchase by the Board.
- (5) No funds shall be invested in the stocks or other securities of any company other than a bank or insurance company unless it has assets of at least one hundred million dollars (\$100,000,000), or in the stocks or other securities of a bank or insurance company unless it has assets of at least fifty million dollars (\$50,000,000).
- (6) The total amount invested in real estate and other than real estate owned by or leased to the City of Richmond, which amount may include land, buildings, land and buildings or real estate loans, shall not exceed twenty-five percent of the total amount invested pursuant to this section and such investments shall be restricted to first trust deeds which are insured by the Federal Housing Administration or which are guaranteed by the Veterans Administration.

The Garfield Pension Plan does not have a separate investment policy, therefore it uses the City's investment policy.

Interest and Credit 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. The City invests in equities which may be drawn down as needed, subject to terms of the underlying trust agreement. The investments held in the Pension Trust Funds all mature in less than one year.

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. As of June 30, 2018, the investments in the Pension Trust Funds were not rated.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Police and Firemen's, General Pension and Garfield Pension Plans was 4.9%, 1.0% and 1.0%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

D. Net Pension Liability of the Plans

The components of the net pension liability of the City for each of the Plans is the total pension liability, less each Plan's fiduciary net position.

Actuarial Assumptions. The total pension liability as of June 30, 2018 was determined based on June 30, 2017 actuarial valuations rolled forward to June 30, 2018 using standard update procedures. The following actuarial assumptions applied to all periods included in the measurement:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Discount rate, net of investment expenses	5.75%	3.18%	3.00%
Expected return on plan assets	5.75%	3.00%	3.00%
Inflation rate	2.75%	2.75%	2.75%
Cost-of-living increases	3% per year	5% per year	2.75% per year
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Salary increases	N/A	N/A	N/A

Mortality rates were based on the California PERS Mortality Table in its 2014 experience study (based on CalPERS 2001-2011 experience).

Discount Rates. The discount rates used to measure the total pension liability for the Police and Firemen's Pension Plan, General Pension Plan and Garfield Pension Plan were 5.75%, 3.00%, and 3.00%, respectively, as of June 30, 2017 and 2018.

For the Police and Firemen's Pension Plan, based on the 5 previous years the City has on average contributed 98% of the Actuarially Determined Contribution (ADC). A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 98% of the ADC is contributed to the Plan in future years; (3) assuming that future contribution losses are amortized according to the Plan's funding policy; (4) using the Plan's assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 3.62% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2018) after the projected asset depletion. Based on these parameters, plan assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the Plan's long-term expected rate of return of 5.75% was used as the discount rate.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Based on the 5 previous years the City has on average contributed 75% and 116% of the Actuarially Determined Contribution (ADC) for the General Pension Plan and Garfield Pension Plan, respectively. A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 75% of the ADC is contributed to the General Pension Plan and 100% of the ADC is contributed to the Garfield Pension Plan in future years; (3) assuming that future contribution losses are amortized according to the Plans' funding policies; (4) using the Plans' assumed investment return before the projected asset depletion (if any); and (5) using a 20-year AA tax-exempt general obligation municipal bond index rate of 3.62% (using as a municipal bond rate source the Fidelity 20-Year General Obligation AA Municipal Bond Index as of June 30, 2018) after the projected asset depletion. Based on these parameters, each of the Plan's assets are projected to be sufficient to pay all future benefits until a de minimus amount of estimated future benefits remain. Therefore, the long-term expected rate of return of 3.00% was used as the discount rate for each of these Plans.

The long-term expected rate of return on pension plan investments was determined for each Plan using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.75%). All results are then rounded to the nearest quarter percentage point.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Best estimates of geometric real and nominal rates of return for each major asset class included in the Plans' asset allocation as of the measurement date are summarized below:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
<i>Police and Firemen's Plan:</i>			
Domestic Equity	56%	5.39%	8.14%
International Equity	0%	5.20%	7.95%
Fixed Income	38%	1.98%	4.73%
Real Estate and Alternatives	0%	4.25%	7.00%
Cash and Equivalents	6%	0.79%	3.54%
Total	100%		6.91%
Reduced for assumed investment expense			(0.60%)
Total (weighted avg, rounded to 1/4%)			6.25% (1)
<i>General Pension Plan:</i>			
Domestic Equity	0%	5.39%	8.14%
International Equity	0%	5.20%	7.95%
Fixed Income	0%	1.98%	4.73%
Real Estate and Alternatives	0%	4.25%	7.00%
Cash and Equivalents	100%	0.79%	3.54%
Total	100%		3.52%
Reduced for assumed investment expense			(0.50%)
Total (weighted avg, rounded to 1/4%)			3.00%
<i>Garfield Pension Plan:</i>			
Domestic Equity	0%	5.39%	8.14%
International Equity	0%	5.20%	7.95%
Fixed Income	0%	1.98%	4.73%
Real Estate and Alternatives	0%	4.25%	7.00%
Cash and Equivalents	100%	0.79%	3.54%
Total	100%		3.52%
Reduced for assumed investment expense			(0.50%)
Total (weighted avg, rounded to 1/4%)			3.00%

(1) The preliminary return for the Police and Firemen's Plan of 6.25% was then reduced by 50 basis points to 5.75% in order to provide a margin for adverse deviation.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

E. Changes in the Net Pension Liability of Each Plan

The net pension liability of each Plan is measured as of June 30, 2018 as follows:

Police and Firemen's Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	<u>\$19,271,774</u>	<u>\$12,384,593</u>	<u>\$6,887,181</u>
Changes in the year:			
Service cost			
Interest on the total pension liability	1,031,755		1,031,755
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		1,270,466	(1,270,466)
Contribution - employees			
Net investment income		589,028	(589,028)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(2,656,508)	(2,656,508)	
Net changes	<u>(1,624,753)</u>	<u>(797,014)</u>	<u>(827,739)</u>
Balance at June 30, 2018	<u><u>\$17,647,021</u></u>	<u><u>\$11,587,579</u></u>	<u><u>\$6,059,442</u></u>

Plan fiduciary net position as a percentage of the total pension liability 65.7%

General Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	<u>\$2,932,456</u>	<u>\$449,871</u>	<u>\$2,482,585</u>
Changes in the year:			
Service cost			
Interest on the total pension liability	80,100		80,100
Differences between actual and expected experience			
Changes in assumptions	(20,669)		(20,669)
Changes in benefit terms			
Contribution - employer		814,594	(814,594)
Contribution - employees			
Net investment income		2,207	(2,207)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(524,939)	(524,939)	
Net changes	<u>(465,508)</u>	<u>291,862</u>	<u>(757,370)</u>
Balance at June 30, 2018	<u><u>\$2,466,948</u></u>	<u><u>\$741,733</u></u>	<u><u>\$1,725,215</u></u>

Plan fiduciary net position as a percentage of the total pension liability 30.1%

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan:

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
Balance at June 30, 2017	<u>\$691,642</u>	<u>\$297,317</u>	<u>\$394,325</u>
Changes in the year:			
Service cost			
Interest on the total pension liability	19,334		19,334
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		102,140	(102,140)
Contribution - employees			
Net investment income		2,627	(2,627)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(94,323)	(94,323)	
Net changes	<u>(74,989)</u>	<u>10,444</u>	<u>(85,433)</u>
Balance at June 30, 2018	<u><u>\$616,653</u></u>	<u><u>\$307,761</u></u>	<u><u>\$308,892</u></u>
Plan fiduciary net position as a percentage of the total pension liability			49.9%
Totals - Other City Pension Plans	<u><u>\$20,730,622</u></u>	<u><u>\$12,637,073</u></u>	<u><u>\$8,093,549</u></u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City for each of the Plans, calculated using the discount rate as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
1% Decrease	4.75%	2.18%	2.00%
Net Pension Liability	\$6,999,286	\$1,844,294	\$338,457
Current Discount Rate	5.75%	3.18%	3.00%
Net Pension Liability	\$6,059,442	\$1,725,215	\$308,892
1% Increase	6.75%	4.18%	4.00%
Net Pension Liability	\$5,207,932	\$1,616,057	\$281,692

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

F. Actuarially Determined Contributions

As of the June 30, 2017, actuarial valuations used to calculate the actuarially determined contributions (ADC) for each Plan, the ADC's were determined using the entry-age normal cost method and the assumptions in Note 11B above.

For the Police and Firemen's Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 10-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 98% of the Actuarially Determined Contribution.

For the General Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 6-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 75% of the Actuarially Determined Contribution.

For the Garfield Pension Plan, the City's contribution policy is to annually contribute an amount equal to (1) amortization of the unfunded liability as a level-dollar over a 7-year closed period as of July 1, 2013, plus (2) future gains and losses amortized over the same period, but not less than five years. Over the past five years, the City has contributed an average of 116% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2018 are presented below:

	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
Police and Firemen's Pension Plan	\$1,389,612	\$1,270,466	91%
General Pension Plan	947,219	814,594	86%
Garfield Pension Plan	86,103	102,140	119%

G. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense for each of the Plans as follows:

	Pension Expense
Police and Firemen's Plan	\$540,790
General Pension Plan	68,268
Garfield Pension Plan	16,951
Total	<u>\$626,009</u>

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 11 – OTHER CITY PENSION PLANS (Continued)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for these Plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	-	-
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Differences between Projected and Actual		
Earnings on Pension Plan Investments	\$217,871	-
Total	\$217,871	\$0

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2019	\$224,812
2020	80,169
2021	(110,203)
2022	23,093

H. Plan Financial Statements

The Statement of Net Position for the Plans at June 30, 2018 follows:

	General Pension	Police and Firemen's Pension	Garfield Pension
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool	\$741,688	\$652,968	\$131,418
Local Agency Investment Fund			176,245
Mutual Fund Investments		10,932,280	
Accounts receivable	45	2,331	98
Total Assets	741,733	11,587,579	307,761
NET POSITION			
Restricted for employees' pension benefits	\$741,733	\$11,587,579	\$307,761

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 11 – OTHER CITY PENSION PLANS (Continued)

The Statement of Changes in Plan Net Position for the year ended June 30, 2018 follows:

	General Pension	Police and Firemen's Pension	Garfield Pension
ADDITIONS			
Net investment income:			
Net increase (decrease) in the fair value of investments	\$12	\$400,794	
Interest income	2,195	254,046	\$2,620
Investment management fees		(65,812)	7
Contribution from the City	814,594	1,270,466	102,140
Total Additions	816,801	1,859,494	104,767
DEDUCTIONS			
Pension benefits	524,939	2,656,508	94,323
Total Deductions	524,939	2,656,508	94,323
Net Increase (Decrease)	291,862	(797,014)	10,444
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	449,871	12,384,593	297,317
End of year	\$741,733	\$11,587,579	\$307,761

I. PARS Defined Contribution Plan

Effective July 1, 2014, the City contracted with the Public Agency Retirement System (PARS), to sponsor a Section PARS 457 FICA Alternative Retirement Plan created in accordance with IRC Sections 3121(b)(7)(F) and 457(b), which is a qualified defined contribution pension plan covering all eligible part-time, seasonal and temporary employees of the City on that date and hired thereafter.

The Plan requires these employees to contribute 6.2% and the City to contribute 1.3% of the employees pay plus administration costs. The City's required contributions of \$26,736 and the employees' required contributions of \$127,507 were made during the fiscal year ending June 30, 2018.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City's Other Post Employment Benefit (OPEB) Plan

Plan Description - 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.

**CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The City is the Plan administrator, while PARS administers the investment trust. The City's OPEB Plan does not issue separate financial statements. PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA, 92660.

A summary of the Plan provisions follows:

Plan Provisions for Future Retirees			
Classification	Eligibility (Age/Service Years)	Monthly Premium Paid by City Before/After Medicare Eligibility	Employee Monthly Contribution (1)
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10 years service	Retiree only or surviving spouse: the lesser of \$435 and medical premium Retiree +1 or more: the lesser of \$567 and medical premium Plus PEMHCA Minimum: \$133 Retired after 7/1/1995: Reimbursement allowed towards non-PERS plans	None
IFPTE, Miscellaneous Executive Management, City Council	Service Retirement: Same as SEIU	Retiree only or surviving spouse: the lesser of \$435 and medical premium Retiree +1 or more: the lesser of \$567 and medical premium Plus PEMHCA Minimum: \$133	Effective 1/1/2017: \$50 Effective 1/1/2018: \$100
Fire Local 188	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to premium for coverage. Percentage is 90%, increased to 100% after 27 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non-Medicare eligible premium for coverage selected. Plus PEMHCA minimum: \$133	Effective 1/1/2017: \$200 Effective 1/1/2018: \$300 Effective 7/1/2019: \$400
Fire Management and Fire Executive Management	35/15	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to premium for coverage. Percentage is 80%, increased to 90% after 15 years of service and 100% after 25 years of service. Total City contribution, excluding PEMHCA minimum, is capped at Kaiser non-Medicare eligible premium for coverage selected. Plus PEMHCA minimum: \$133	Effective 1/1/2017: \$200 Effective 1/1/2018: \$300 Effective 7/1/2019: \$400
Richmond Police Officer Association (RPOA)	10 years of service Service includes non City service Minimum 5 years City Service	Lesser of: percentage of premium for retiree/dependents/surviving spouse times medical premium minus PEMHCA minimum or percentage of premium for retiree/dependents/surviving spouse but no more than \$827 per month, minus dental and vision premiums. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: \$133 City also pays 100% of dental and vision premiums.	Effective 1/1/2017: \$150 Effective 1/1/2018: \$225 Effective 1/1/2019: \$250 Effective 1/1/2020: \$275 Effective 1/1/2021: \$300
Police Widows	Death in line of duty	Full premium of medical, dental and vision	None
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Service includes non City service Minimum 5 years City Service	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 25 years of service.	Effective 7/1/2017: \$300 Effective 7/1/2018: \$425 Effective 7/1/2019: \$525

(1) Prior to January 1, 2017, active Employees were not required to make monthly contributions.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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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	Same as future retirees
	Retired prior to July 1, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: \$224/\$182 Retiree +1 or more: \$344/\$284
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Same as future retirees
	Retired November 5, 1999 to June 30, 2007	Same as future retirees, but caps are: Retiree only or surviving spouse: \$224/\$182 Retiree +1 or more: \$344/\$284
	Retired before November 5, 1999	Same as future retirees, but caps are: Retiree only or surviving spouse: \$124/\$82 Retiree +1 or more: \$244/\$184
Fire Local 188		Same as future retirees
Fire Management	Retire on or after 7/1/2006	Same as future retirees
	Retire before 7/1/2006	Eligible at 35/15 Same as future retirees, but caps are: Percentage of premium for retiree/dependents/surviving spouse up to Kaiser non-Medicare eligible premium for coverage selected. Percentage is 90%, increased to 100% after 27 years of service.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees (Continued)		
Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
Richmond Police Officer Association (RPOA)	Retire on or after 7/1/2008	Same as future retirees
	Retired between 7/1/2004 and 6/30/2008	Same as future retirees, but: Reimbursement capped at \$614
	Retired between 7/1/1997 and 6/30/2004	Same as future retirees, but: Reimbursement capped at \$550
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Premium paid for dental and vision. Plus PEMHCA minimum \$133
	Retired before 7/1/1994	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service Reimbursement, excluding the PEMHCA minimum, capped at \$210 for single coverage and \$300 for 2-party coverage Premium paid for dental and vision. Plus PEMHCA minimum: \$133
Police Management and Police Executive Management	Retired on or after 7/1/2007	Same as future retirees
	Retired between 1/1/1995 ⁽¹⁾ and 6/30/2007	Percentage of premium (medical premium minus PEMHCA minimum) for retiree/dependents/surviving spouse. Percentage is 65% for 10-19 years of service, increased to 75% after 20 years of service, and 100% after 27 years of service. Retired after 1/1/2007 - Reimbursement capped at Kaiser premium, excluding the PEMHCA minimum, for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired before 1/1/2007 - Reimbursement capped at 2nd highest premium plan, excluding the PEMHCA minimum, for coverage selected Retired after 7/1/1995: Reimbursement allowed towards non-PERS plans Plus PEMHCA minimum: \$133

⁽¹⁾ Although the City did provide medical premium benefits with single and 2-party caps for Police Management that retired prior to January 1, 1995, as of June 30, 2018 there were no retirees receiving such benefits.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

For retirees eligible to continue health benefits, but failing to meet the criterion in the tables above, the City pays the Public Employees Medical and Hospital Care Act (PEMHCA) minimum, which is \$133 in 2018.

Plan Membership – As described in the table in Note 12A, Plan membership varies based on different employee bargaining groups. As of the June 30, 2017 valuation date, membership in the Plan considered of the following;

Active employees electing coverage	627
Active employees waiving coverage	44
Retiree and beneficiaries receiving benefits	607
Total	1,278

B. Funding Policy and Actuarial Assumptions

Funding Policy - During the year ended June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS). The balance in the City's PARS trust account as of June 30, 2018 was \$17,422,879.

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. In July 2016, the City adopted an additional funding policy to place into the PARS trust half of any one-time revenues and half of any year-end surplus in excess of the City's minimum reserve policy (7%) in an effort to pay down the unfunded liability. In accordance with the policy, the City transferred \$3,175,003 to the PARS trust, along with an additional contribution of \$4,328,063, during the year ended June 30, 2018.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The valuation used the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost, level percent of pay
Actuarial Assumptions:	
Discount Rate	4.12%
Inflation	2.75%
CPI Medical Care	4.00%
Payroll Growth	3.00%
Investment Rate of Return	6.85%
Index Rate for 20 year, tax exempt municipal bonds	3.62%
Mortality	Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study.
Healthcare Cost Trend Rates:	
Health - Not Medicare Eligible	6.90% for 2018, 6.30% for 2019, 5.80% for 2020, 5.20% for 2021-2054, transitioning to ultimate rate of 4.40% in 2074 and further years
Health - Medicare Eligible	5.60% for 2018, 5.40% for 2019, 5.30% for 2020, 5.20% for 2021-2054, transitioning to ultimate rate of 4.40% in 2074 and further years
Dental	To increase 4.00% annually
Vision	To increase 3.00% annually

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Discount rate - The discount rate used to measure the total OPEB liability was 4.12%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Generally accepted accounting principles require that the liability discount rate be the single rate that reflects the following:

- A. The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return; and
- B. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions in A. are not met. The municipal bond rate source used as of June 30, 2018 the Fidelity 20-Year General Obligation AA Municipal Bond Index.

Changes of assumptions since the prior actuarial valuation were:

- The discount rate was changed from 4.07% to 4.12% based on updated municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capital claims costs were updated to reflect recent experience.
- Withdrawal, retirement, mortality, disability and salary increase rates were updated from the rates used in the 6/30/2014 CalPERS Public Agency Miscellaneous, Police and Fire actuarial valuations to rates published in the December 2017 CalPERS Experience Study.
- The percent of future retiree only eligible for the PEMHCA minimum contribution assumed to elect coverage at retirement changed from 100% to 50% to reflect recent and anticipated plan experience.
- The percent of future retirees eligible for additional direct subsidy benefits assumed to elect coverage at retirement changed from 100% to 90% to reflect recent plan experience.
- The percent of retirees assumed to elect non-spouse dependent coverage at retirement changed from 25% to 20% to reflect recent plan experience.
- The percent of future non-Medicare and Medicare eligible retirees electing each medical plan varies by employee bargain unit and changed to reflect updated expectations based on recent plan experience.

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB Trust Fund investments, net of OPEB plan investment expense, was 6.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Investment Policy – PARS offers different investment portfolios as part of the investment vehicle. The City invests in the “Balanced/Moderately Aggressive Highmark PLUS” portfolio; the primary goal of the Highmark Plus portfolio is growth of principal and income. The major portions of the assets are invested in the equity securities and market fluctuations are expected. The portfolio is constructed to control risk through three layers of diversification as follows:

Asset Class	Acceptable Range of Asset Allocation
Equity	50-70%
Fixed income	30-50%
Cash	0-20%

Investments of the OPEB Trust Fund at June 30, 2018 consisted of \$17,422,879 invested in mutual funds.

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2017	\$191,472,282	\$9,336,893	\$182,135,389
Changes Recognized for the Measurement Period:			
Service Cost	6,730,397		6,730,397
Interest on the total OPEB liability	7,927,217		7,927,217
Changes in benefit terms			
Differences between expected and actual experience	(2,816,969)		(2,816,969)
Changes of assumptions	8,715,168		8,715,168
Contributions from the employer		13,599,120	(13,599,120)
Contributions from the employee		765,475	(765,475)
Net investment income		632,089	(632,089)
Administrative expenses		(49,169)	49,169
Benefit payments (1)	(6,861,529)	(6,861,529)	
Net changes	13,694,284	8,085,986	5,608,298
Balance at June 30, 2018 (Measurement Date)	\$205,166,566	\$17,422,879	\$187,743,687

(1) Benefit payments are comprised of \$3,947,832 direct subsidy payments to retirees and \$2,913,697 estimated implicit subsidy costs incurred during the measurement period ending 6/30/2018

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using the discount rate that is 1-percentage-point lower or 1-percentage point higher than the current discount rate:

Net OPEB Liability/(Asset)		
	Current	
Discount Rate -1%	Discount Rate	Discount Rate +1%
(3.12 %)	(4.12%)	(5.12%)
\$218,321,924	\$187,743,687	\$162,834,832

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Net OPEB Liability/(Asset) Healthcare Cost Trend		
	Current	
	Trend Rates Various -	
1% Decrease	see assumptions above	1% Increase
\$165,359,439	\$187,743,687	\$215,505,846

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$9,971,497. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		(\$2,265,703)
Changes of assumptions	\$7,009,656	
Net differences between projected and actual earnings on plan investments	44,179	
Total	\$7,053,835	(\$2,265,703)

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2019	\$1,165,291
2020	1,165,291
2021	1,165,291
2022	1,165,290
2023	126,969
Thereafter	

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

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 14 – RISK MANAGEMENT (Continued)

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
	Earthquake: 10% pre-1970, 5% post-1970 of total insured value of each building; minimum \$100,000		
Difference in Conditions	All others: \$25,000	\$50,000,000 inclusive of deductible	Various
Crime/Employee Dishonesty	\$2,500 per claim	\$15,000,000 inclusive of deductible	National Union Fire Insurance Company
Property	\$25,000 per claim; except flood zones A&V that have a deductible of \$250,000	\$400,000,000 inclusive of deductible \$100,000,000 limit for flood all zones, except zones A & V, which have a limit of \$50,000,000	Various
Boiler and Machinery	\$25,000 per claim	\$100,000,000 inclusive of deductible	Various
Port Liability	\$25,000 per claim	\$50,000,000 inclusive of deductible	Various
Special Events Program	N/A	\$1,000,000 per occurrence; \$2,000,000 aggregate	Evanston Insurance
Excess Workers' Compensation	\$750,000 per claim	Statutory limit	Various
Student Volunteer	N/A	\$50,000 limit	Ace American
Pollution Liability - Policy 1	\$250,000 per claim	\$20,000,000 inclusive of deductible	ACE - Illinois Union
Pollution Liability - Policy 2	\$75,000 per claim	\$5,000,000 limit	Illinois Union
Cyber Liability	\$100,000 per claim	\$2,000,000 limit	Lloyds of London

CJPRMA

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

Type of Coverage (Deductible)	Coverage Limits
Property (\$25,000)	\$400,000,000
Liability (\$500,000)	\$40,000,000
Employment Practices (\$500,000)	\$5,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of \$932,564 for the year ended June 30, 2018. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 14 – RISK MANAGEMENT (Continued)

CSAC-EIA

CSAC-EIA is a public entity risk pool of cities and counties within California. The CSAC-EIA provides workers' compensation coverage up to the statutory limit and the City retains a self-insured retention of \$750,000. Loss contingency reserves established by the CSAC-EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC-EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid contributions of \$342,738 for the year ended June 30, 2018. CSAC-EIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained. CSAC-EIA is currently fully funded. No provision has been made on these financial statements for liabilities related to possible additional assessments.

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

Housing Authority Insurance Group

The Housing Authority is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The Authority joined together with other entities and participates in the Housing Authority Insurance Group, a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of the Housing Authority Insurance Group is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The Authority pays annual premiums to Housing Authority Insurance Group for its property damage insurance as follows:

Property	Building and Personal Property Premium	Annual Premium	Deductible
Nevin Plaza (#1)	\$6,106	\$6,230	\$25,000
Nystrom Village	22,144	22,807	25,000
Administration Office	902	902	25,000
Hacienda	17,544	21,930	5,000

All of the Housing Authority properties are included in the general liability coverage under the CJPRMA program.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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NOTE 14 – RISK MANAGEMENT (Continued)

Liability for Self Insured Claims

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims is based on case reserves and include amounts for claims incurred but not reported (IBNR), and is recorded in the Insurance Reserves Internal Service Fund. At June 30, 2018, the estimated claims payable of \$37,707,574 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% and an 80% confidence level. The undiscounted claims totaled \$36,228,359 at June 30, 2018. Changes in the claims liabilities for the years ended June 30, 2018 and 2017 were as follows:

	2018	2017
Claims liabilities, beginning of year	\$36,528,414	\$39,403,229
Current year claims	10,536,000	10,014,000
Change in prior year claims	2,518,288	(1,277,997)
Claim payments	(6,694,998)	(8,108,630)
Legal, administrative and other expenses	(5,180,130)	(3,502,188)
Claims liabilities, end of year	\$37,707,574	\$36,528,414
Claims liabilities, due in one year	\$11,120,445	\$10,648,489

For the years ended June 30, 2018, 2017 and 2016 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:

- 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.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

Fiscal 2018 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Position

Assets:	
Current assets	\$3,898,056
Capital assets	1,469,256
Total assets	<u>5,367,312</u>
Liabilities:	
Current liabilities	280,777
Long-term liabilities	2,527,227
Total liabilities	<u>2,808,004</u>
Net position:	
Net investment in capital assets	(1,063,279)
Unrestricted	3,622,587
Total net position	<u>\$2,559,308</u>

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

Operating revenues:	
Lease income	\$537,438
Operating expenses:	
General and administrative	(24,406)
Maintenance	(99,419)
Depreciation	(85,563)
Operating income	<u>328,050</u>
Nonoperating revenues (expenses):	
Interest income	35,919
Interest expense	(118,054)
Income (Loss) Before Contributions and Transfers	<u>245,915</u>
Transfers out	(86,778)
Change in net position	159,137
Beginning net position	<u>2,400,171</u>
Ending net position	<u>\$2,559,308</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$411,803
Noncapital and related financing activities	(86,778)
Capital and related financing activities	(231,293)
Investing activities	31,733
Net increase	<u>125,465</u>
Beginning cash and investments	<u>3,690,856</u>
Ending cash and investments	<u>\$3,816,321</u>

NOTE 16 – COMMITMENTS AND CONTINGENCIES

A. *Lease and Construction Commitments*

The Police Department occupies leased premises owned by DiCon Fiberoptics, Inc. The City's original lease was a three year lease which expired on December 31, 2009, and it had an option to renew for five (5) one year periods until December 31, 2014. In October 2014, the City and DiCon Fiberoptics, Inc. entered into a new five year lease extension with the term commencing January 1, 2015 through December 31, 2019, with an option to renew for five (5) one year periods until December 31, 2024. The lease calls for minimum monthly lease payments of \$142,805.

The Richmond Municipal Sewer District occupies leased premises owned by West County Wastewater District. The City's original lease was a two year lease which expired on December 31, 2012, with an option to renew for one (1) three year period and one (1) two year period until December 31, 2017. In January 2017, the City and West County Wastewater District entered into a first amendment to the ground lease with four possible extensions for terms commencing January 1, 2016 through December 31, 2017; January 1, 2018 through December 31, 2020; and January 1, 2021 through December 31, 2025. The lease calls for minimum monthly lease payments of \$195,383.

The City's future commitments under construction and other projects totaled approximately \$199 million at June 30, 2018 for various projects.

B. *Litigation*

The City is involved in various claims and litigation resulting from its normal operations. The ultimate outcome of these matters is not presently determinable. In City management's opinion these matters will not have a significant adverse effect on the City's or RHA Properties' financial position, with two potential exceptions noted below:

In March 2012, a developer and an associated entity filed a complaint in federal court against the United States of America, two individuals, and the City contending breach of contract related to a Land Disposition Agreement (LDA) between the developer and the City for the development of City-owned property for a specific use. The developer and associated entity seek damages of \$30 million as well as lost profits of over \$750 million. The City disputes the allegations and contends that the LDA did not commit the developer or the City to develop the property for the specific use and that the developer's right to move forward with the development was subject to various federal approvals. The City received a favorable judgement on the matter, but an appeal by the developer and associated entity resulted in the Ninth Circuit reversing the decision, concluding the plaintiffs should be given another opportunity to amend their complaint. The plaintiffs filed an amended complaint and the City answered, denying the plaintiffs' allegations and asserting affirmative defenses and counterclaims. In April 2018, the City again received a favorable judgement on the matter under which the City will pay no monetary damages to the developer and the developer's claims were dismissed. Under the terms of the judgment, future proceeds from the sale of the property will be shared equally between the City and the developer. However, the judgment is being challenged by an environmental rights group. The City may be negatively impacted should the court rule in favor of the group, however any such impact cannot be determined at this time.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

C. Grant Programs

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

D. Grant Programs – Disallowed Costs

HOME and CDBG Programs

During fiscal year 2013, the City was subject to two separate monitoring visits by the Department of Housing and Urban Development (HUD) of the City's HOME investment partnership (HOME) and Community Development Block Grant (CDBG) activities. In its reports, HUD listed thirteen findings covering various activities performed over a six year period applicable to the programs and disallowed costs approximating \$2.4 million.

The City prepared responses to the findings, including assembling and providing additional documentation to HUD as well as performing numerous corrective actions and meetings to negotiate settlements with HUD. In July 2016, HUD determined the City's repayment obligation to be \$366,063, \$786,597, and \$1,807,490 for CDBG-R, CDBG and HOME, respectively.

In August 2016, the City requested a Voluntary Grant Reduction in the amount of \$1,807,409 in unspent HOME funds to be applied toward the obligation in lieu of making payments to HUD. In addition, the City also requested a Voluntary Grant Reduction of \$85,000 in unspent CDBG funds to be used towards the \$786,597 repayment obligation. However, if the City elected to make this request, all remaining obligations would be due within 90 days. Alternatively, the City requested a payment plan with installments over a three-year period for the remaining CDBG and CDBG-R funds.

In December 2016, HUD accepted the City's repayment terms regarding the treatment of the ineligible costs for the CDBG repayment obligation of \$786,597, which is payable in two equal installments in fiscal years 2018 and 2019. The first installment of the CDBG repayment obligation of \$393,298.25 was paid in September 2017 and the final installment in the amount of \$393,298 is due in September 2018. In HUD's January 2017 close-out letter, HUD accepted the Voluntary Grant Reductions for HOME ineligible costs and the City's remaining grant funds were applied against the ineligible costs, reducing the City's repayment obligation under the HOME program to zero. The CDBG-R repayment obligation of \$366,063 was paid in full in March 2017. The City received another Voluntary Grant Reduction approval in August 2017 from HUD of \$86,231 to be applied against CDBG ineligible costs, reducing the total CDBG obligation to \$700,365. The reduction will be applied to the final installment payment in September 2018 of \$307,067. Since HUD moved all the findings to a close, after fiscal year 2019, the City will be free and clear of any obligation to HUD.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

Neighborhood Stabilization Program (NSP1)

During fiscal year 2014, the City was subject to a monitoring visit from the Office of Inspector General of the City's Neighborhood Stabilization Program (NSP1) and received notification in October 2014 from HUD that it was demanding the repayment of \$914,090 for ineligible expenses. In lieu of making a payment to HUD for the return of the ineligible costs, in November 2014, the City requested a grant reduction of \$595,863 in unspent NSP1 funds to be applied towards the finding. In addition, the City requested approval to use the proceeds from income generated from the pending sale of certain NSP1 properties to make up the \$318,227 difference. Given that the NSP1 is governed by CDBG regulations, the City believes that HUD's Voluntary Grant Reductions in Lieu of Repayment for Ineligible CDBG and HOME Activities "Program" applies to NSP1. In July 2016, HUD notified the City that it could make a request for a Voluntary Grant Reduction of \$595,863 in unspent NSP1 funds to be applied towards the NSP1 repayment obligation. If the request was made, the remaining \$318,227 would be due within 90 days. In August 2016, the City made a second request for the approval of a Voluntary Grant Reduction of \$595,863 in unspent NSP1 funds and for the remaining \$318,227 to be paid using the proceeds from income generated from the sale of NSP1 properties. In December 2016, the City accepted HUD's repayment terms regarding the treatment of the ineligible costs of \$318,227, which are due in two payments in fiscal year 2017 (\$62,645) and fiscal year 2018 (\$255,762). The first NSP1 repayment obligation installment of \$62,645 was paid in March 2017 and the final repayment obligation installment of \$225,762 was paid in September 2017.

Housing and Urban Development

On June 3, 2016, the Office of the Inspector General issued a report in response to an allegation that the Authority allowed the City to use HUD funds and Authority assets and that the City charged the Authority for rent and services at an unreasonable price. The report concluded that the allegations held merit and the Authority misspent \$2.2 million in HUD funds and had \$994,910 in unsupported costs due to a lack of independence between the Authority and the City along with a weak internal control environment. The OIG recommended that the Director of the San Francisco Office of Public Housing that monitors the Authority, require the Authority to repay \$2.1 million for ineligible use of HUD funds along with \$53,347 for duplicate charges, and \$60,000 for a City initiated management audit. In addition, it was suggested the Authority be required to provide additional support for \$80,890 of the Executive Director's salary spent on activities, \$180,000 spent on office rent, determine proper use of former maintenance building property, and develop and implement financial policies and procedures for the current operating environment. Further, it was recommended that HUD work with the Authority to improve control and accountability including HUD receivership and separating the Authority finances from the City. The Authority contested several of the conclusions made by the OIG. Although Authority management strongly believed in its response made to OIG that the Authority's actions were proper and agreed to in advance by HUD, Authority and City staff have concluded that neither the participants in the Authority's programs or the residents of the City will be well served by continued discord with HUD distracting from program improvements. Accordingly, City, Authority and OIG staff have negotiated a settlement agreement among the City, Authority and HUD whereby the City agrees to return \$2.1 million to the Authority's accounts (as opposed to returning the funds to the U.S. Treasury) and limit the use of those funds to specific categories identified by HUD. The settlement agreement was approved by City Council in March 2018 and fully executed in April 2018. The General Fund returned the \$2.1 million to the Housing Authority during fiscal year 2018, as discussed in Note 4B.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

E. Housing Authority – Easter Hill Project

The Authority participates in a number of federally assisted grant programs, principal of which are the Section 8 Housing Assistance and the HOPE VI Revitalization Grant. It is possible that at some future date, it may be determined that the Authority is not in compliance with applicable grant requirements. The amounts, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

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 to 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 \$14,276,909, representing reimbursement from the developer which had been recorded in the accompanying financial statements as due from developer. The balance outstanding as of June 30, 2018 is \$11,221,743.

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

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site have been constructed. The remaining 202 rental units at the site have been leased. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. All homeownership units have been sold.

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

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

F. RHA Properties – Status of Operations

RHA Properties having sold Westridge at Hilltop Apartments is at the point of being an entity with no activity. It is idle and available to be used in the future. Management currently has no further plans for the entity.

G. Point Molate – Pollution Remediation

In September 2008, the City entered into an Early Transfer Cooperative Agreement (ETCA) with the United States Department of the Navy the (Navy) to facilitate the transfer of 41 acres of property that was formerly the Naval Fuel Depot Point Molate (Point Molate). The ETCA identifies certain known pollution issues with the property, and the Navy is the responsible party. However, under the provisions of the ETCA, the Navy advanced \$28 million to the City representing the estimated cost of cleanup, and the City committed to manage the project. Any pollution found that was not caused by the Navy's use of the land is to be paid by the City, however, as of June 30, 2018, no additional pollution has been identified.

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

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

Under the terms of the agreements with the Navy and the Developer, the City does not retain responsibility for the cleanup of the known pollution. The City is merely acting as a pass-thru of the grant funds from the Navy to the Developer and the activities for the project are reported in the Pt. Molate Private-Purpose Trust Fund.

H. Other – Major Taxpayer

In fiscal year 2009, a major business license taxpayer filed a complaint challenging the legality of Measure T, a voter initiative that took effect on January 1, 2009. Measure T amended the City's business license tax calculation for manufacturers. Although the City believed Measure T to be lawful, the court ruled on December 17, 2009 that the tax was unconstitutional. The court ruled in favor of the business license taxpayer awarding a refund of the \$20.5 million Measure T taxes paid. The City filed an appeal, however in May 2010 the taxpayer and the City entered into a settlement agreement in order to achieve certainty in the tax revenue that the City will receive from the taxpayer over the next 15 years. The agreement provides for annual payments from the taxpayer ranging from \$4 million to \$13 million starting July 1, 2011, with payments totaling \$114 million. In addition, the agreement incorporated the prior settlement of a dispute over fiscal year 2006, 2007 and 2008 utility user's taxes totaling \$28 million that was paid in four installments beginning in fiscal year 2009. Payments totaling \$75 million were received under the settlement agreements in fiscal years 2011 through 2018.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

In fiscal year 2015, the City entered into an Environmental Community Investment Agreement (ECIA) with the same taxpayer that provides for funding to the City and other community agencies totaling \$80 million over the next ten years. During fiscal year 2018, the City received \$9 million that is restricted for use on pre-approved projects, and the City has received \$26 million to date.

I. *Police Communications Systems*

The City administered program to provide records management and dispatch services to participating local agencies. The participating agencies, which include the City, are responsible for maintenance and system enhancements. The City is required to account for the enhancement in a separate account which is shown in the Police Telecommunications Internal Service Fund as unearned revenue as of June 30, 2018. The program dissolved effective June 30, 2017. The distribution of the funds the City holds for enhancement from all participating agencies began in fiscal year 2018 and will be completed by fiscal year 2020.

J. *Housing Authority Rental Assistance Demonstration*

RHA Rental Assistance Demonstration (“RAD”) Program conversion of the Friendship Manor and Triangle Court public housing sites occurred during the 2016 calendar year (includes both the 2015 and 2016 fiscal years). The RAD project consists of 156 units of Public Housing will that were converted to non-profit ownership with Section 8-Project Based Voucher rental subsidy on the two separate properties; all 156 units, except for three units (two are reserved for onsite managers and one for a manager's office), will be used to house low-income residents.

On October 8, 2015, the Department of Housing and Urban Development (HUD) issued and executed the RAD Conversion Commitment (RCC) which represents the agreed upon and approved terms of the RAD conversion transaction.

On November 18, 2015, California Tax Credit Allocation Committee made a preliminary reservation of federal tax credits in the amount of \$1,228,999 accommodated upon executing Tax-Exempt Bond Project to raise funding in the amount of \$36.7 million, the approximate estimated cost of the RAD project; of which \$16.5 million shall be provided by a third-party Tax Credit investor.

The Authority has partnered with the John Stewart Company and The Richman Group to form a Limited Partnership, RHA RAD Housing Partners L.P., that will complete the conversion, manage the property and own the buildings. The Authority will relinquish the land via a long term ground lease.

In furtherance of the finances provided by the Authority, the City of Richmond loaned \$5.4 million to RHA RAD Housing Partners L.P. that will be repaid in 55 years and accrues interest at a rate of 1%. The loan was initially signed with RHA Housing Corporation and then it was transferred and reassigned to RHA RAD Housing Partners L.P., as discussed in Note 5.

After the property is placed in service and receives approval of the 8609 documents from the State of California, the Authority will split a developer fee of \$2.5 million with its general partner John Stewart Company (70%/30%). The project has not converted to permanent financing due to unforeseen delays, however the anticipated closing date will be in September 2019, so the majority of the fee will not be received until after that date.

NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

RHA RAD Housing Partners L.P. will also receive \$732,557 in Public Housing and Capital Improvement funds throughout the January 1, 2016 – December 31, 2016 calendar year to cover the RAD Housing Assistance Program (HAP) Voucher commitments of subsidy for the low income housing units at the two developments. The terms of this requirement are consistent with Notice 2012-32 of the Rental Assistance Demonstration program which requires RAD conversions that close after November 30th of the calendar year to be funded out of Public Housing and Capital Fund Programs until the next calendar year, at which time the Developments will be funded with Section 8 Housing Choice RAD Vouchers.

In a transaction related to the RAD project during the fiscal year ended June 30, 2016, the Richmond Housing Authority transferred capital assets to RHA RAD LLC, which then sold the capital assets to RHA RAD Housing Partners LP with a carrying value of \$14,358,255 in return for two loans receivable in the amounts of \$8,891,500 and \$5,618,500. These loans are to be repaid in 55 years and bear annual interest rates of 2.82%.

K. *Marina Bay – Pollution Remediation*

The Successor Agency owned a group of land tracts collectively referenced as the “Nine Deed Restricted Properties.” The Successor Agency was named as a responsible party at these sites under a Voluntary Cleanup Agreement with the State Department of Toxic Substances Control (DTSC) to conduct pollution monitoring and remediation. However, the Successor Agency received approval from the DOF to transfer the properties and their maintenance to the City at June 30, 2016. Therefore, the City is now the responsible party at the sites. These nine properties sit within the larger Marina Bay development site. A Remediation Action Plan (RAP) was prepared for Marina Bay in 1993 and included references to each of the Deed Restricted Properties. Eight of the nine deed restricted properties are subject to an Operations & Maintenance (O&M) Plan. The O&M Plans require annual inspections of the cap material and reporting of the findings to DTSC. The O&M Plans also require that a five-year review report be prepared and submitted to DTSC. The five-year review reports describe the inspection and maintenance activities that were performed over the previous five years. The annual monitoring costs are estimated at \$8,700, with the five year review estimated at \$45,000. The monitoring costs over a five year period are estimated at \$88,500.

The RAP was subsequently amended in 2008 to address Area T, one of the Nine Deed Restricted Properties. The amended RAP subjects the site to groundwater sampling, analysis, and remediation. The approximate annual costs for the existing groundwater sampling, analysis and remediation program is approximately \$89,000. The known pollution at this site is a layer of petroleum hydrocarbons above groundwater and petroleum hydrocarbons dissolved in groundwater. Active remediation has been conducted since September 2008 by the former Redevelopment Agency and now by the Successor Agency. DTSC requested that the Successor Agency submit a work plan describing the methods to enhance the recovery of free product and dissolved petroleum hydrocarbons at Area T. The Successor Agency submitted a Work Plan for Enhancement of Groundwater Remediation Program to DTSC in March 2015 (Work Plan). DTSC approved the Work Plan in April 2015. The cost to implement the enhanced groundwater remediation program is estimated at \$133,000. This preliminary estimate has not been accrued as a liability in the City’s Statement of Net Position. This estimate is also subject to change from price increases or reductions, technology, and changes in applicable laws or regulations.

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CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 16 – COMMITMENTS AND CONTINGENCIES (Continued)

L. Other Commitments and Contingencies

The Authority and its component units RHA Housing Corporation and RHA RAD LLC entered into several arrangements including a Co-Guarantor Contribution Agreement with third parties as participants in a tax credit bonds project to accommodate the required funding to convert two properties from a conventional public housing project to a rental assistance demonstration program, as discussed in Note 16J.

M. Encumbrances

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding as of June 30, 2018 were as listed below:

	<u>Amount</u>
General Fund	\$72,506
Community Development and Loan Programs	
Special Revenue Fund	2,372,904
Non-Major Governmental Funds	<u>3,220,831</u>
	<u><u>\$5,666,241</u></u>

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. Redevelopment Dissolution

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

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CITY OF RICHMOND
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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency's asset transfers, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency. The State Controller's Office completed its asset transfer review in November 2013 and the State ordered the return of certain assets to the Successor Agency to the Redevelopment Agency. The City complied with certain aspects of the State's order during fiscal year 2013 by returning applicable capital assets to the Successor Agency and the Oversight Board retroactively approved other prior transfers to the City and the State has indicated that no further action is necessary. The State also ordered the return of assets previously transferred to the City as Housing Successor totaling \$16,460,848, because the transfer of the housing assets had not been approved by the Oversight Board. The Oversight Board adopted a Resolution on February 25, 2014 retroactively approving the transfer of the loans to the Housing Successor.

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and the remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Low and Moderate Income Housing Fund which is included in the Community Development and Loan Programs Special Revenue Fund. The activities of the Housing Successor are reported in the Low and Moderate Income Housing Asset Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in April 2012. As of July 1, 2018, Contra Costa County has formed a county-wide Oversight Board to oversee the activities of all Successor Agencies within the County, including Richmond. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews were to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR, after making an adjustment, and the Successor Agency remitted the unencumbered balance of \$4,067,242 to the County in November 2014. The Department of Finance approved the Non-housing DDR in December 2014, and no funds were required to be remitted to the County. The Successor Agency received a Finding of Completion on December 9, 2014.

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

The activities of the Successor Agency are reported in the Successor Agency to the Richmond Community Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

Cash and investments of the Successor Agency as of June 30, 2018 are discussed in Note 3 above. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2018.

B. *Loans Receivable*

The Successor Agency assumed non-housing loans receivable of the Redevelopment Agency as of February 1, 2012. The Redevelopment Agency engaged in programs designed to encourage economic development. Under these programs, grants or loans were provided under favorable terms to developers who agreed to expend these funds in accordance with the Agency's terms.

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. After a period of variable interest rates, the loan has converted to a fixed 5% interest rate. Interest and principal payments are due semi-annually through 2025. The balance of the loan was \$1,574,000 as of June 30, 2018.

C. *Capital Assets*

The Successor Agency assumed the non-housing capital assets of the Redevelopment Agency as of February 1, 2012. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The Successor Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

There were no additions or retirements during fiscal year 2018 and capital assets recorded at June 30, 2018 include land and improvements with a balance of \$4,313,167.

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

D. Long-term Obligations

The following is a summary of long-term debt transactions during the fiscal year ended June 30, 2018:

	Balance July 01, 2017	Additions (A)	Retirements (B)	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Bonds payable	\$68,290,709	\$1,049,052	(\$7,011,549)	\$62,328,212	\$6,970,000	\$55,358,212
Loans payable	22,515,000		(875,000)	21,640,000	925,000	20,715,000
Notes payable	10,962,412		(325,575)	10,636,837	332,087	10,304,750
Total	\$101,768,121	\$1,049,052	(\$8,212,124)	\$94,605,049	\$8,227,087	\$86,377,962

(A) Includes bond accretion for capital appreciation bonds totaling \$1,049,052.

(B) Retirements of bonds payable includes principle retirements in the amount of \$6,700,000 and amortization of bond premium in the amount of \$311,549.

Bonds Payable

Bonds payable at June 30, 2018 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$6,093,799
Subordinate Tax Allocation Bonds - 2007 Series B	12,149,027
Subordinate Tax Allocation Refunding Bonds - 2010 Series A	25,235,000
Successor Agency of RCRA Refunding Bonds - 2014 Series A & B	18,850,386
Total	\$62,328,212

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 were 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. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the defeasance of the outstanding balance of the current interest portion of the bonds in the amount of \$9,180,000, as discussed below.

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2018, the Bonds consisted of the following:

	Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$6,900,000	\$303,418	(\$1,109,619)	\$6,093,799

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

For the Years Ending June 30,	Principal
2019	\$1,150,000
2020	1,150,000
2021	1,150,000
2022	1,150,000
2023	1,150,000
2024	1,150,000
Total	\$6,900,000

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

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

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

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

On July 12, 2007 the Redevelopment Agency issued Series 2007B 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 2007B Bonds will be used to finance certain low and moderate income housing activities of the Redevelopment Agency. The 2007B Bonds mature annually through 2037, in amounts ranging from \$465,000 to \$2,020,000. The 2007B Bonds are secured by a pledge of subordinated housing and non-housing tax revenues.

At June 30, 2018, the 2007B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	\$19,920,000	\$745,634	(\$8,516,607)	\$12,149,027

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

For the Years Ending June 30,	Principal
2019	\$990,000
2020	1,040,000
2021	1,415,000
2022	1,030,000
2023	1,085,000
2024-2028	6,855,000
2029-2033	4,165,000
2034-2037	3,340,000
Total	\$19,920,000

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

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

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

In connection with the issuance of the Series 2007A Subordinate Tax Allocation Bonds, the Agency entered into a swap agreement for \$65,400,000, the entire amount of the 2007 A Bonds. With the issuance of the 2010A Bonds, the Agency amended and restated the swap agreement. The amended agreement requires the Agency to make and receive payments based on variable interest rates. The Agency will make payments based on a variable interest rate equal to 100% of SIFMA plus a fixed percentage of 0.83% and the Agency will receive variable rate interest payments equal to 68% of 1-month LIBOR from the swap counterparty. With the issuance of the 2014 Successor Agency to the Richmond Redevelopment Agency Refunding Bonds, the Successor Agency amended the swap agreement to subordinate the termination payment provisions of the swap agreement to the debt service on the 2014 Bonds.

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$1,325,000	\$1,864,937	\$3,189,937
2020	1,015,000	1,786,325	2,801,325
2021	1,270,000	1,689,437	2,959,437
2022	820,000	1,612,297	2,432,297
2023	880,000	1,547,844	2,427,844
2024-2028	13,180,000	5,739,142	18,919,142
2029-2033	3,140,000	2,225,314	5,365,314
2034-2037	3,605,000	606,516	4,211,516
Total	\$25,235,000	\$17,071,812	\$42,306,812

Interest Rate Swap Agreement

The Agency entered into an interest swap agreement in connection with the 2010A Subordinate Tax Allocation Refunding Bonds. The transaction allows the Agency to create a synthetic variable rate on the Bonds. The terms, fair value and credit risk of the swap agreement are disclosed below.

Terms. The terms, including the counterparty credit rating of the outstanding swap, as of June 30, 2018 are included below. The swap agreement contains scheduled reductions to the outstanding notional amount.

Outstanding Notional Amount	Effective Date	Counterparty	Long-Term Credit Rating (S&P/Moody's/Fitch)	Variable Rate Paid	Variable Rate Received	Fair Value at June 30, 2018	Termination Date
\$47,700,000	7/12/2007	Royal Bank of Canada	AA-/Aa2/AA	SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	(\$4,033,000)	9/1/2036

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Based on the swap agreement, the Agency owes interest calculated at a variable rate to the counterparty of the swap, and in return, the counterparty owes the Agency interest based on a variable rate. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

Fair value. Fair value of the 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. The swap is classified as Level 2 of the fair value hierarchy, using a market approach that considers the observable swap rates commonly quoted for the full term of the swap. As of June 30, 2018, the fair value of the swap was in favor of the counterparty.

The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The Agency has accounted for the change in fair value of the ineffective hedge as noted below:

		Changes in Fair Value		Fair value at June 30, 2018	
		Classification	Amount	Classification	Amount
Pay-Variable, Receive-Variable					
2010A Subordinate Tax Allocation Refunding Bonds		Investment revenue	\$826,300	Investment	(\$4,033,000)

Credit risk. As of June 30, 2018, the Agency 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 Agency would be exposed to credit risk. The Agency will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

Interest rate risk. The swap increases the Agency's exposure to variable interest rates. As the SIFMA Municipal Swap Index Rate increases or the LIBOR decreases, the Agency's net payment on the swap increases.

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

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

A portion of this basis risk is tax risk. The Agency is exposed to tax risk when the relationship between the taxable LIBOR based swap and tax-exempt fixed 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 fixed rate bonds converge the Agency is exposed to this basis risk.

Termination risk. The Agency may terminate if the other party fails to perform under the terms of the contract. The Agency 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 Agency'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 Agency 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, 2018, debt service requirements of the Agency's outstanding fixed rate Bonds and net swap payments assuming current interest rates remain the same for their term, are as follows. As rates vary, fixed rate bond *interest* payments and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years Ending June 30,	Fixed-Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2019	\$1,325,000	\$1,437,361	\$427,576	\$3,189,937
2020	1,015,000	1,377,846	408,479	2,801,325
2021	1,270,000	1,317,325	372,112	2,959,437
2022	820,000	1,260,644	351,653	2,432,297
2023	880,000	1,213,344	334,500	2,427,844
2024-2028	13,180,000	4,475,120	1,264,022	18,919,142
2029-2033	3,140,000	1,617,301	608,013	5,365,314
2034-2037	3,605,000	464,121	142,395	4,211,516
Total	\$25,235,000	\$13,163,062	\$3,908,750	\$42,306,812

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES
(Continued)

Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B – Original Issue Amounts \$25,795,000 and \$1,655,000, respectively

The 2014 A & B Bonds were issued on March 27, 2014 by the Successor Agency to the Richmond Community Redevelopment Agency. The proceeds of the Bonds, together with other available funds, were used to refund and defease the outstanding balance of the current interest portion of the 1998 Harbour Redevelopment Project Tax Allocation Refunding Bonds Series A, and the outstanding balances of the Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2000 A & B and Richmond Joint Powers Financing Authority Tax Allocation Revenue Bonds Series 2003A. Interest rates range from 1.40% to 5.00% and is payable semiannually on March 1 and September 1. The 2014A Bonds mature annually on each September 1 through 2025 while the 2014B Bonds mature annually on each September 1 through 2018. Both Bonds are secured by a pledge of Redevelopment Property Tax Trust Fund revenues. The outstanding balances of the defeased debt as of June 30, 2018 were as follows:

Harbour Tax Allocation Refunding Bonds - 1998 Series A	\$6,055,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A & B	3,360,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	11,025,000
	<u>\$20,440,000</u>

At June 30, 2018, the 2014 A & B Bonds consisted of the following:

Bonds outstanding:	\$17,680,000
Unamortized premium	1,170,386
Net	<u><u>\$18,850,386</u></u>

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$3,505,000	\$771,512	\$4,276,512
2020	1,775,000	659,375	2,434,375
2021	1,870,000	568,250	2,438,250
2022	1,960,000	472,500	2,432,500
2023	2,000,000	373,500	2,373,500
2024-2026	6,570,000	490,000	7,060,000
Total	<u><u>\$17,680,000</u></u>	<u><u>\$3,335,137</u></u>	<u><u>\$21,015,137</u></u>

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Loans Payable

The Richmond Joint Powers Financing Authority (Authority) has issued the Bonds listed below to assist in financing the Agency's operations. The Authority has retained reserve amounts required under the respective Bond indentures and loaned the net proceeds of these Bond issues to the Agency. The Authority is responsible for paying principal and interest on the Bonds; the Agency is responsible for making payments to the Authority in the amounts shown below.

The outstanding balances of loans payable to the Authority at June 30, 2018 came from the Bond issues listed below:

JPFA Tax Allocation Revenue Bonds - 2003 Series B	\$8,075,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A & B	13,565,000
Total	<u><u>\$21,640,000</u></u>

Loan from the Authority dated August 1, 2003

In 2003, the Authority issued 2003 Tax Allocation Revenue Bonds Series A and Series B in the original amount of \$28,580,000. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements and to repay the City of Richmond \$18,000,000 in partial payment of prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain tax increment revenues derived from taxable property within the Post-2004 Limit Area pledged by the Agency for the purpose of loan repayment. On March 27, 2014, the Agency issued the Successor Agency to the Richmond Community Redevelopment Agency Refunding Bonds 2014 Series A & B which resulted in the refunding and defeasance of the outstanding balance of the 2003 Series A Bonds in the amount of \$13,290,000 as discussed above.

At issuance, the Bonds were insured by MBIA Insurance Corporation (which was reinsured by National Public Finance Guarantee Corporation ("NPFGC")). On December 5, 2017, Kroll Bond Rating Agency downgraded its insurance financial strength rating for NPFGC from 'AA+' to 'AA' and subsequently withdrew the rating citing business reasons. On January 17, 2018, Moody's Investors Service ("Moody's") downgraded its insurance financial strength rating on NPFGC from 'A3' to 'Baa2'. As a result of the foregoing, Moody's downgraded its Insured Rating on the Bonds from 'A3' to 'Baa2'. On February 13, 2019, S&P Global Ratings (formerly Standard and Poor's Ratings Services) upgraded its Local Currency Long-Term and Underlying Ratings on the Bonds from 'A+' to 'AA-'.

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

The annual debt service requirements on the 2003 Series B loan as of June 30, 2018 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2019	\$590,000	\$488,842	\$1,078,842
2020	735,000	448,403	1,183,403
2021	785,000	400,523	1,185,523
2022	835,000	349,493	1,184,493
2023	885,000	295,313	1,180,313
2024-2026	4,245,000	449,348	4,694,348
Total	\$8,075,000	\$2,431,922	\$10,506,922

Loan from the Authority dated October 1, 2004

In 2004, the Authority issued the 2004 Tax Allocation Revenue Bonds Series A and Series B in the original amounts of \$15,000,000 and \$2,000,000, respectively. The net proceeds of the bond issue were loaned to the Agency to provide funding for certain capital improvements, low/moderate income housing and to repay the City of Richmond \$6,367,031 in prior obligations. Under the terms of the loan agreement between the Agency and the Authority dated August 1, 2003, repayment of the loan is being made from certain subordinate housing and non-housing tax increment revenues derived from the taxable property within the Merged Project Area pledged by the Agency for the purpose of loan repayment.

The annual debt service requirements for these loans as of June 30, 2018 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2019	\$335,000	\$707,050	\$1,042,050
2020	3,105,000	620,564	3,725,564
2021	680,000	525,014	1,205,014
2022	720,000	488,784	1,208,784
2023	850,000	446,956	1,296,956
2024-2027	7,875,000	1,220,808	9,095,808
Total	\$13,565,000	\$4,009,176	\$17,574,176

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Pledge of Redevelopment Tax Increment Revenues

The Bond issues and loans payable to the Authority 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 \$118,223,047 remaining debt service on the Bonds and loans which is scheduled to occur in 2037.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2018 calculated by the County Auditor–Controller were \$26,889,111. The total received by the Successor Agency for fiscal year 2018 debt service and other enforceable obligations was \$12,255,069 and debt service was \$11,670,329.

Notes Payable

SERAF Loan	<u><u>\$10,636,837</u></u>

SERAF Loan

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

For the Years Ending June 30,	Principal	Interest	Total
2019	\$332,087	\$212,737	\$544,824
2020	338,728	206,095	544,823
2021	9,966,022		9,966,022
Total	<u><u>\$10,636,837</u></u>	<u><u>\$418,832</u></u>	<u><u>\$11,055,669</u></u>

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NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Debt Without Agency or City Commitment

A special assessment district has been established in an area of the Agency to provide improvements to properties located in that district. Properties in the district 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 Agency 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 Agency funds to repay these debts in the event of default.

One District, Marina Westshore Community Facilities District No. 1998-1, had issued Community Facilities District No. 1998-1 Special Tax Bonds which had a remaining balance outstanding of \$2,535,000 at June 30, 2018.

Conduit Debt

The Agency has assisted private-sector entities by sponsoring their issuance of debt for purposes the Agency deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The Agency 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 Agency funds to repay these debts in the event of default by any of these issuers. At June 30, 2018, the balances of these issuers' outstanding debts were as follows:

Baycliff Apartment Project, 2004 Revenue Bonds	\$26,490,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	25,111,260

E. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 17 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Miraflores – Pollution Remediation

The City, through the former Redevelopment Agency, has undertaken a known pollution remediation project at the Miraflores Housing Development site. The Successor Agency assumed the administration of the project as of February 1, 2012. Clean up of the 14 acre former flower nursery site, located at South 45th Street and Wall Avenue, will provide future residential and open space land. The remediation phase of the Miraflores project was completed during the fiscal year ended June 30, 2015.

At the time the original Remedial Action Plan was prepared, the original cost of the preferred alternative remediation was estimated to be \$3,200,000. As of June 30, 2015, the estimate had increased to \$13.6 million. During the fiscal year ended June 30, 2016, the Agency decreased the remediation estimate to \$13.4 million. The Agency spent \$13.4 million in pollution remediation costs since the project's inception through June 30, 2018. The project was completed as of June 30, 2018. Subsequent to June 30, 2018, the Miraflores Housing Development site was sold to a private developer.

NOTE 18 – SUBSEQUENT EVENTS

A. *Terminal One Land Sale*

The City is in contract with Terminal One Development, LCC, to sell an approximately 10-acre site for development purposes at a price of \$10 million. The developer has paid the City \$500,000 in a non-refundable deposit, with the balance of \$9.5 million due following the granting of all entitlements and close of escrow. Following City Council certification of the environmental impact report (EIR) for the project in July 2016, a lawsuit was filed that challenged certification of the EIR. A settlement was reached by all parties to this lawsuit in November 2016, which allows the project entitlement process to proceed. Close of escrow on the real estate sale by the City to Terminal One Development, LLC, including the transfer of the \$9.5 million balance due from the developer to the City, is anticipated by June 2019.

B. *Transfer of the Section 8 Program to Housing Authority of the County of Contra Costa*

As a result of the Recovery Agreement Action Plan, established and entered into with the U.S. Department of Housing and Urban Development (HUD) and Richmond Housing Authority (RHA), to analyze the following options:

- A. Transfer all operations to another well-managed public housing agency
 - I. Dispose Public Housing operations
 - II. Transfer Housing Choice Voucher (HCV) operations
- B. Separate from the City of Richmond
 - I. Dispose Public Housing operations
 - II. Maintain HCV operations
 - III. Separate and independent RHA Board of Commissioners
- C. Maintain RHA as a component of the City
 - I. Dispose its Public Housing operations
 - II. Maintain its HCV Operations

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CITY OF RICHMOND
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NOTE 18 – SUBSEQUENT EVENTS (Continued)

III. Board of Commissioners

- a. Separate and independent
- b. Maintain existing structure

In February 2019, after conducting research and receiving guidance from the local HUD Office, the Board of Commissioners authorized RHA to issue a “Letter of Intent” to transfer the Housing Choice Voucher (HCV) and Project Based Voucher (PBV) Programs to the Housing Authority of the County of Contra Costa (HACCC) (a well-managed Housing Authority). The Board also directed RHA to formally ask HUD to transfer programs effective July 1, 2019. RHA intends to maintain all of its Public Housing units along with other properties owned or managed under HOPE VI and RAD programs. The request and associated documents from RHA and HACCC were forwarded to HUD for approval.

HUD has issued policies and guidance that authorize one housing authority (PHA) to voluntarily transfer the total budget authority and corresponding baseline units for its Housing Choice Voucher (Voucher) and Project-based Voucher (PBV) Programs to another PHA, subject to approval by HUD. On April 16, 2019, RHA received notice of approval for the Voluntary Transfer of the HCV and PBV programs from RHA to the Housing Authority of the County of Contra Costa effective July 1, 2019. RHA and HACCC plan to enter into a Memorandum of Understanding outlining the facilitation of the program transfer.

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BUDGETARY COMPARISON SCHEDULES

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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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$38,782,023	\$38,361,265	\$38,961,021	\$599,756
Sales tax	42,299,235	42,876,659	44,474,973	1,598,314
Utility user fees	45,916,543	46,627,843	46,079,755	(548,088)
Other taxes	11,593,174	12,093,174	12,413,127	319,953
Licenses, permits and fees	4,802,874	4,802,874	3,802,576	(1,000,298)
Fines, forfeitures and penalties	943,088	943,088	981,984	38,896
Use of money and property	32,903	32,903	189,599	156,696
Intergovernmental	1,493,660	700,573	1,102,944	402,371
Charges for services	7,238,870	7,713,030	7,823,287	110,257
Rent	808,222	808,222	849,640	41,418
Other	235,927	349,900	414,525	64,625
Total Revenues	154,146,519	155,309,531	157,093,431	1,783,900
EXPENDITURES:				
Current				
General government	24,733,664	26,172,431	28,402,147	(2,229,716)
Public safety	94,289,105	93,651,101	93,646,193	4,908
Public works	22,926,681	23,068,602	22,805,801	262,801
Cultural and recreational	11,023,357	11,022,963	10,734,162	288,801
Capital outlay	432,000	131,213	127,246	3,967
Debt Service:				
Principal	1,040,350	1,040,350	814,494	225,856
Interest and fiscal charges	256,646	256,646	256,830	(184)
Total Expenditures	154,701,803	155,343,306	156,786,873	(1,443,567)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(555,284)	(33,775)	306,558	340,333
OTHER FINANCING SOURCES (USES)				
Bond premium				
Proceeds from sale of property	35,000	35,000	39,226	4,226
Transfers in	6,212,080	6,212,080	6,035,115	(176,965)
Transfers (out)	(5,691,357)	(6,153,382)	(6,166,866)	(13,484)
Total other financing sources (uses)	555,723	93,698	(92,525)	(186,223)
NET CHANGE IN FUND BALANCE	439	59,923	214,033	154,110
Fund balance, July 1	35,416,890	35,416,890	35,416,890	
Fund balance, June 30	\$35,417,329	\$35,476,813	\$35,630,923	\$154,110

ITEM F-5
ATTACHMENT 2

CITY OF RICHMOND
COMMUNITY DEVELOPMENT AND LOAN PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits and fees	\$150,000	\$150,000	\$1,697,222	\$1,547,222
Use of money and property	78,154	78,154	282,805	204,651
Intergovernmental	4,380,049	4,780,049	341,491	(4,438,558)
Other	991,660	991,660	2,062,661	1,071,001
Total Revenues	5,599,863	5,999,863	4,384,179	(1,615,684)
EXPENDITURES				
Current:				
Community development	1,066,010	1,466,011	3,604,538	(2,138,527)
Housing and redevelopment	2,471,308	1,839,322	764,390	1,074,932
Capital outlay	2,774,319	2,774,319	265,715	2,508,604
Total Expenditures	6,311,637	6,079,652	4,634,643	1,445,009
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(711,774)	(79,789)	(250,464)	(170,675)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	10,500	10,500		(10,500)
Transfers in	260,202	260,202		(260,202)
Transfers (out)		(255,762)	(255,762)	
Total other financing sources (uses)	270,702	14,940	(255,762)	(270,702)
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM	(441,072)	(64,849)	(506,226)	(441,377)
SPECIAL ITEM:				
Transfer of loans to housing successor			1,208,259	1,208,259
NET CHANGE IN FUND BALANCE	(441,072)	(64,849)	702,033	766,882
Fund balance, July 1	24,362,160	24,362,160	24,362,160	
Fund balance, June 30	<u>\$23,921,088</u>	<u>\$24,297,311</u>	<u>\$25,064,193</u>	<u>\$766,882</u>

**City of Richmond
Required Supplementary Information**

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 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 (State Gas Tax, General Purpose, Paratransit Operations, Public Safety, Lighting and Landscaping Districts, Developer Impact Fees, Community Development and Loan Programs, Richmond Neighborhood Stabilization Corporation, Rent Control, Cost Recovery and Environmental and Community Investment Agreement) and the debt service funds (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 on a project length basis and are therefore not comparable on an annual basis.

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

**City of Richmond
Required Supplementary Information**

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Total Pension Liability				
Service Cost	\$ 7,816,868	\$ 7,446,410	\$ 7,200,571	\$ 8,053,459
Interest	30,597,498	31,414,256	32,305,003	32,804,753
Differences between expected and actual experience		(5,280,549)	(3,484,064)	(4,464,966)
Changes in assumptions		(7,116,200)		25,548,824
Changes in benefits				
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,302,793)	(23,917,069)	(25,074,448)
Net change in total pension liability	15,406,827	3,161,124	12,104,441	36,867,622
Total pension liability - beginning	415,561,984	430,968,811	434,129,935	446,234,376
Total pension liability - ending (a)	<u>\$ 430,968,811</u>	<u>\$ 434,129,935</u>	<u>\$ 446,234,376</u>	<u>\$ 483,101,998</u>
Plan fiduciary net position				
Contributions - employer	\$ 6,661,038	\$ 7,189,716	\$ 8,093,834	\$ 8,860,295
Contributions - employee	3,195,699	3,141,565	3,087,656	2,996,354
Net investment income (1)	51,867,728	7,502,958	1,630,388	35,805,938
Plan to plan resource movement		(6,885)	(4,762)	(50,018)
Administrative expense		(379,925)	(205,714)	(481,651)
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,302,793)	(23,917,069)	(25,074,448)
Net change in plan fiduciary net position	38,716,926	(5,855,364)	(11,315,667)	22,056,470
Plan fiduciary net position - beginning	304,680,611	343,397,537	337,542,173	326,226,506
Plan fiduciary net position - ending (b)	<u>\$ 343,397,537</u>	<u>\$ 337,542,173</u>	<u>\$ 326,226,506</u>	<u>\$ 348,282,976</u>
Net pension liability - ending (a)-(b)	<u>\$ 87,571,274</u>	<u>\$ 96,587,762</u>	<u>\$ 120,007,870</u>	<u>\$ 134,819,022</u>
Plan fiduciary net position as a percentage of the total pension liability	79.68%	77.75%	73.11%	72.09%
Covered payroll	<u>\$ 37,210,225</u>	<u>\$ 36,151,102</u>	<u>\$ 36,638,889</u>	<u>\$ 35,964,798</u>
Net pension liability as percentage of covered payroll	235.34%	267.18%	327.54%	374.86%

Notes to Schedule:

(1) Net of administrative expense in 2014.

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates. In June 30, 2017 the discount rate was reduced from 7.65% to 7.15%.

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$ 7,178,549	\$ 8,084,584	\$ 8,867,763	\$ 10,436,250
Contributions in relation to the actuarially determined contributions	(7,178,549)	(8,084,584)	(8,867,763)	(10,436,250)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
 Covered payroll	 \$ 36,151,102	 \$ 36,638,889	 \$ 35,964,798	 \$ 35,725,311
 Contributions as a percentage of covered payroll	 19.86%	 22.07%	 24.66%	 29.21%

Notes to Schedule

Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	For details, see June 30 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report
Inflation	2.75%
Payroll Growth	3.00%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, Net of Pension Plan Investment and Administrative Expenses; including Inflation The probability of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Retirement age	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Mortality Rate Table	

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

Safety Agent Multiple-Employer Defined Benefit Pension Plan

Last 10 Years *

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Total Pension Liability				
Service Cost	\$ 10,167,167	\$ 10,142,245	\$ 10,297,536	\$ 11,650,927
Interest	38,254,517	40,142,006	41,950,593	43,264,626
Differences between expected and actual experience		3,799,388	2,950,295	797,969
Changes in assumptions		(9,563,090)		35,109,898
Changes in benefits				
Benefit payments, including refunds of employee contributions	(27,199,743)	(28,747,508)	(30,593,589)	(33,620,000)
Net change in total pension liability	21,221,941	15,773,041	24,604,835	57,203,420
Total pension liability - beginning	518,576,503	539,798,444	555,571,485	580,176,320
Total pension liability - ending (a)	\$ 539,798,444	\$ 555,571,485	\$ 580,176,320	\$ 637,379,740
Plan fiduciary net position				
Contributions - employer	\$ 9,352,438	\$ 10,652,641	\$ 11,488,714	\$ 12,699,049
Contributions - employee	3,348,408	3,797,568	4,607,993	4,471,008
Net investment income (1)	64,842,562	9,408,186	2,062,417	45,166,243
Plan to plan resource movement		3,476	4,762	50,018
Administrative expense		(477,249)	(258,432)	(607,337)
Benefit payments, including refunds of employee contributions	(27,199,743)	(28,747,508)	(30,593,589)	(33,620,000)
Net change in plan fiduciary net position	50,343,665	(5,362,886)	(12,688,135)	28,158,981
Plan fiduciary net position - beginning	379,062,015	429,405,680	424,042,794	411,354,659
Plan fiduciary net position - ending (b)	\$ 429,405,680	\$ 424,042,794	\$ 411,354,659	\$ 439,513,640
Net pension liability - ending (a)-(b)	\$ 110,392,764	\$ 131,528,691	\$ 168,821,661	\$ 197,866,100
Plan fiduciary net position as a percentage of the total pension liability	79.55%	76.33%	70.90%	68.96%
Covered payroll	\$ 35,479,947	\$ 36,151,966	\$ 37,352,212	\$ 37,273,957
Net pension liability as percentage of covered payroll	311.14%	363.82%	451.97%	530.84%

Notes to Schedule:

(1) Net of administrative expense in 2014.

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement dates. In June 30, 2017 the discount rate was reduced from 7.65% to 7.15%.

* - Fiscal year 2015 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

Safety Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30
Last 10 Years *

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$ 10,650,057	\$ 11,492,798	\$ 12,696,582	\$ 14,013,858
Contributions in relation to the actuarially determined contributions	(10,650,057)	(11,492,798)	(12,696,582)	(14,013,858)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 36,151,966</u>	<u>\$ 37,352,212</u>	<u>\$ 37,273,957</u>	<u>\$ 34,439,607</u>
Contributions as a percentage of covered payroll	29.46%	30.77%	34.06%	40.69%

Notes to Schedule

Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	For details, see June 30 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30 Funding Valuation Report
Inflation	2.75%
Payroll Growth	3.00%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement age	The probability of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality Rate Table	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

ITEM F-5
ATTACHMENT 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

General Pension Plan

	Measurement Period Ended June 30				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost					
Interest	\$ 147,247	\$ 128,954	\$ 107,632	\$ 92,742	\$ 80,100
Differences between expected and actual experience		345,786		40,459	
Changes of assumptions		322,312			(20,669)
Changes of benefit terms					
Benefit payments, including member contribution refunds	(592,105)	(672,546)	(623,662)	(584,272)	(524,939)
Net change in Total Pension Liability	(444,858)	124,506	(516,030)	(451,071)	(465,508)
Total Pension Liability at beginning of year	4,219,909	3,775,051	3,899,557	3,383,527	2,932,456
Total pension liability at end of year	\$ 3,775,051	\$ 3,899,557	\$ 3,383,527	\$ 2,932,456	\$ 2,466,948
Fiduciary Net Position					
Contributions - employer	\$ 602,970	\$ 602,970	\$ 602,970	\$ 73,592	\$ 814,594
Contributions - donations and other income					
Contributions - member					
Net investment income	(837)	2,017	2,255	3,351	2,207
Other additions					
Benefit payments, including member contribution refunds	(592,105)	(672,546)	(623,662)	(584,272)	(524,939)
Administrative expenses					
Other deductibles					
Net change in Fiduciary Net Position	10,028	(67,559)	(18,437)	(507,329)	291,862
Fiduciary Net Position at beginning of year	1,033,168	1,043,196	975,637	957,200	449,871
Fiduciary net position at end of year	\$ 1,043,196	\$ 975,637	\$ 957,200	\$ 449,871	\$ 741,733
Net pension liability (asset) at end of year	\$ 2,731,855	\$ 2,923,920	\$ 2,426,327	\$ 2,482,585	\$ 1,725,215
Fiduciary net position as percentage of total pension	27.6%	25.0%	28.3%	15.3%	30.1%
Covered payroll	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

City of Richmond
Required Supplementary Information

ITEM F-5
ATTACHMENT 2

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

Police and Firemen's Pension Plan

	Measurement Period Ended June 30				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost					
Interest	\$ 1,579,762	\$ 1,464,746	\$ 1,214,089	\$1,111,386	\$ 1,031,753
Differences between expected and actual experience		(323,462)		261,891	
Changes of assumptions		1,380,854			
Changes of benefit terms					
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)	(3,140,552)	(2,859,902)	(2,656,508)
Net change in Total Pension Liability	(1,857,125)	(552,283)	(1,926,463)	(1,486,625)	(1,624,755)
Total Pension Liability at beginning of year	25,094,272	23,237,147	22,684,864	20,758,401	19,271,776
Total pension liability at end of year	\$ 23,237,147	\$ 22,684,864	\$ 20,758,401	\$ 19,271,776	\$ 17,647,021
Fiduciary Net Position					
Contributions - employer	\$ 740,235	\$ 740,235	\$ 1,222,197	\$ 1,270,466	\$ 1,270,466
Contributions - donations and other income					
Contributions - member					
Net investment income	2,968,492	369,240	(165,490)	1,340,997	589,027
Other additions					
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)	(3,140,552)	(2,859,902)	(2,656,508)
Administrative expenses					
Other deductions	(3,424,568)				
Net change in Fiduciary Net Position	(3,152,728)	(1,964,946)	(2,083,845)	(248,439)	(797,015)
Fiduciary Net Position at beginning of year	19,834,552	16,681,824	14,716,878	12,633,033	12,384,594
Fiduciary net position at end of year	\$ 16,681,824	\$ 14,716,878	\$ 12,633,033	\$ 12,384,594	\$ 11,587,579
Net pension liability (asset) at end of year	\$ 6,555,323	\$ 7,967,986	\$ 8,125,368	\$ 6,887,182	\$ 6,059,442
Fiduciary net position as percentage of total pension	71.8%	64.9%	60.9%	64.3%	65.7%
Covered payroll	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

**ITEM F-5
ATTACHMENT 2**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

Garfield Pension Plan

	Measurement Period Ended June 30				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service Cost					
Interest	\$ 30,759	\$ 28,597	\$ 21,615	\$ 19,517	\$ 19,334
Differences between expected and actual experience		(45,458)		67,810	
Changes of assumptions		64,544			
Changes of benefit terms					
Benefit payments, including member contribution refunds	(87,140)	(88,883)	(90,660)	(92,474)	(94,323)
Net change in Total Pension Liability	(56,381)	(41,200)	(69,045)	(5,147)	(74,989)
Total Pension Liability at beginning of year	863,415	807,034	765,834	696,789	691,642
Total pension liability at end of year	\$ 807,034	\$ 765,834	\$ 696,789	\$ 691,642	\$ 616,653
Fiduciary Net Position					
Contributions - employer	\$ 102,140	\$ 102,140	\$ 102,140	\$ 102,140	\$ 102,140
Contributions - donations and other income					
Contributions - member					
Net investment income	227	577	933	1,517	2,627
Other additions					
Benefit payments, including member contribution refunds	(87,141)	(88,883)	(90,660)	(92,474)	(94,323)
Administrative expenses					
Other deductions					
Net change in Fiduciary Net Position	15,226	13,834	12,413	11,183	10,444
Fiduciary Net Position at beginning of year	244,661	259,887	273,721	286,134	297,317
Fiduciary net position at end of year	\$ 259,887	\$ 273,721	\$ 286,134	\$ 297,317	\$ 307,761
Net pension liability (asset) at end of year	\$ 547,147	\$ 492,113	\$ 410,655	\$ 394,325	\$ 308,892
Fiduciary net position as percentage of total pension	32.2%	35.7%	41.1%	43.0%	49.9%
Covered payroll	n/a	n/a	n/a	n/a	n/a
Net pension liability as percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

**City of Richmond
Required Supplementary Information**

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years

Fiscal Year	(1) Actuarially Determined Contribution (ADC)	(2) Employer Contributions	(3) Contribution Deficiency (Excess) (1)-(2)	(4) Covered- Employee Payroll	(5) ADC / Covered- Employee Payroll (1)/(4)
Police and Firemen's Plan					
June 30, 2008	\$ 2,199,459	\$ 5,000,000	\$ (2,800,541)	n/a	n/a
June 30, 2009	1,887,057	4,800,000	(2,912,943)	n/a	n/a
June 30, 2010	2,477,902	4,600,000	(2,122,098)	n/a	n/a
June 30, 2011	2,257,912	-	2,257,912	n/a	n/a
June 30, 2012	1,596,771	-	1,596,771	n/a	n/a
June 30, 2013	1,813,721	1,596,771	216,950	n/a	n/a
June 30, 2014	740,235	740,234	1	n/a	n/a
June 30, 2015	740,235	740,235	-	n/a	n/a
June 30, 2016	1,270,466	1,222,197	48,269	n/a	n/a
June 30, 2017	1,270,466	1,270,466	-	n/a	n/a
June 30, 2018	1,389,612	1,270,466	119,146	n/a	n/a
General Pension Plan					
June 30, 2008	\$ 307,948	\$ 307,948	\$ -	n/a	n/a
June 30, 2009	307,948	307,948	-	n/a	n/a
June 30, 2010	486,092	486,092	-	n/a	n/a
June 30, 2011	486,092	486,092	-	n/a	n/a
June 30, 2012	455,662	148,186	307,476	n/a	n/a
June 30, 2013	502,278	660,992	(158,714)	n/a	n/a
June 30, 2014	602,970	602,970	-	n/a	n/a
June 30, 2015	602,970	602,970	-	n/a	n/a
June 30, 2016	750,016	602,970	147,046	n/a	n/a
June 30, 2017	750,016	73,592	676,424	n/a	n/a
June 30, 2018	947,219	814,594	132,625	n/a	n/a
Garfield Pension Plan					
June 30, 2008	\$ 72,484	\$ 72,484	\$ -	n/a	n/a
June 30, 2009	72,484	72,484	-	n/a	n/a
June 30, 2010	76,692	76,692	-	n/a	n/a
June 30, 2011	76,692	76,692	-	n/a	n/a
June 30, 2012	78,731	-	78,731	n/a	n/a
June 30, 2013	92,092	77,000	15,092	n/a	n/a
June 30, 2014	102,140	102,140	-	n/a	n/a
June 30, 2015	102,140	102,140	-	n/a	n/a
June 30, 2016	78,987	102,140	(23,153)	n/a	n/a
June 30, 2017	78,987	102,140	(23,153)	n/a	n/a
June 30, 2018	86,103	102,140	(16,037)	n/a	n/a

**City of Richmond
Required Supplementary Information**

**ITEM F-5
ATTACHMENT 2**

SCHEDULE OF CONTRIBUTIONS (Continued)

Notes to Schedule:

	Police and Firemen's Plan	General Pension Plan	Garfield Pension Plan
Actuarially determined contribution rates are calculated as of the end of the fiscal year in which contributions are reported.			
From the July 1, 2017 Actuarial Valuation			
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry age normal cost		Entry age normal cost
Amortization method	Investment Gains & Losses: Straight-line amortization over a closed 5-year period.		Entry age normal cost
	Effects of Assumptions Changes and Experience Gains and Losses:		
	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members that are provided with pensions through the pension plan.		
	Since the plan no longer has active members, the effects of assumption changes and experience gains and losses are recognized immediately.		
Remaining amortization period	6 years	2 years	5 years
Asset valuation method	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75%	2.75%	2.75%
Salary increases used to estimate future increases to pensions	N/A	N/A	N/A
Discount rate, net of investment expenses	5.75%	3.18%	3.00%
Retirement age	Closed to new members	Closed to new members	Closed to new members
Mortality	California PERS Mortality Table in its 2014 experience study (based on CalPERS 2001 - 2011 experience)		

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years *

Annual money-weighted rate of return, net of investment expense	2014	2015	2016	2017	2018
Police and Fireman's Plan	3.90%	2.40%	-1.20%	11.80%	4.90%
General Pension Plan	0.10%	0.30%	0.30%	0.50%	1.00%
Garfield Pension Plan	0.40%	0.30%	0.40%	0.60%	1.00%

* Fiscal year 2014 was the 1st year of implementation.

**OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES
OPEB PLAN TRUST FUND, AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

Last Ten Fiscal Years for the Measurement Periods Ended June 30 ⁽¹⁾

For the Measurement Period Ended June 30	2017	2018
Total OPEB Liability		
Service Cost	\$7,558,987	\$6,730,397
Interest	7,064,307	7,927,217
Changes in benefit terms		
Differences between expected and actual experience		(2,816,969)
Changes of assumptions	(15,340,529)	8,715,168
Benefit payments	(6,497,645)	(6,861,529)
Net change in total OPEB liability	(7,214,880)	13,694,284
Total OPEB liability - beginning	198,687,162	191,472,282
Total OPEB liability - ending (a)	<u>\$191,472,282</u>	<u>\$205,166,566</u>
Plan fiduciary net position		
Contributions - employer	\$13,218,475	\$13,599,120
Contributions - employee	278,850	765,475
Net investment income	227,394	632,089
Administrative expense	(11,250)	(49,169)
Benefit payments	(6,497,645)	(6,861,529)
Net change in plan fiduciary net position	7,215,824	8,085,986
Plan fiduciary net position - beginning	2,121,069	9,336,893
Plan fiduciary net position - ending (b)	<u>\$9,336,893</u>	<u>\$17,422,879</u>
 Net OPEB liability - ending (a)-(b)	 <u>\$182,135,389</u>	 <u>\$187,743,687</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 4.88%	 8.49%
 Covered-employee payroll	 <u>\$66,774,795</u>	 <u>\$65,359,713</u>
 Net OPEB liability as a percentage of covered-employee payroll	 <u>272.76%</u>	 <u>287.25%</u>

(1) Fiscal year 2017 was the first year of implementation.

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES

SCHEDULE OF PLAN CONTRIBUTIONS

Last 10 Fiscal Years (1)

Fiscal Year Ended June 30,	2017	2018
Contractually Required Contributions (CRC) (2)	\$6,497,645	\$6,861,529
Contributions in relation to the CRC	(6,497,645)	(6,861,529)
Contribution Deficiency (Excess)	\$0	\$0

(1) Fiscal year 2017 was the first year of implementation.

(2) The City does not calculate an Actuarially Determined Contribution, but the City's agreements with its bargaining units provide for various benefit levels as discussed in Note 12 to the financial statements. Contributions reported include the implicit subsidy.

SCHEDULE OF INVESTMENT RETURNS

Last Ten Fiscal Years Ended June 30 ⁽¹⁾

For the Fiscal Year Ended June 30	2017	2018
Annual money-weighted rate of return, net of investment expense	10.75%	6.30%

Notes:

(1) Fiscal year 2017 was the first year of implementation

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling and testing.

General Purpose Fund accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

Paratransit Operations Fund accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

Employment & Training Fund is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

Public Safety Fund records the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants and various other grants.

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

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

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

Richmond Neighborhood Stabilization Corporation Fund - The Richmond Neighborhood Stabilization Corporation Special Revenue Fund accounts for the activities of the Corporation.

Rent Control Fund is used to account for fees paid by landlords to fund the operation of Richmond's Fair Rent, Just Cause for Eviction, and Homeowner Protection programs.

Cost Recovery Fund is used to record the receipt and use of monies for services provided to the public and developers.

Environmental and Community Investment Agreement (ECIA) Fund accounts for funding received from Chevron in conjunction with the Chevron Modernization Project Environmental and Community Investment Agreement to fund various projects and programs within the City of Richmond.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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 Civic Center Project Lease Revenue Bonds.

CAPITAL PROJECTS FUNDS

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

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

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

ITEM F-5
ATTACHMENT 2

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**ITEM F-5
ATTACHMENT 2**

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS			
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training
ASSETS				
Cash and investments	\$682,278	\$1,425,798		\$1,409,377
Restricted cash and investments				4,225
Receivables:				
Accounts, net	138,960	5,773	\$5,149	62,109
Interest	1,701	3,165		
Grants		1,009,674		786,123
Loans				
Total Assets	<u>\$822,939</u>	<u>\$2,444,410</u>	<u>\$5,149</u>	<u>\$2,261,834</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$504,759	\$403,251	\$11,381	\$78,773
Refundable deposits				
Due to other funds			2,902,517	
Unearned revenue		635,527		60,000
Total Liabilities	<u>504,759</u>	<u>1,038,778</u>	<u>2,913,898</u>	<u>138,773</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		721,206		103,798
FUND BALANCE				
Restricted	318,180	684,426		2,019,263
Assigned				
Unassigned			(2,908,749)	
Total Fund Balances (Deficits)	<u>318,180</u>	<u>684,426</u>	<u>(2,908,749)</u>	<u>2,019,263</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$822,939</u>	<u>\$2,444,410</u>	<u>\$5,149</u>	<u>\$2,261,834</u>

ITEM F-5 ATTACHMENT 2

SPECIAL REVENUE FUNDS						
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	Rent Control	Cost Recovery
\$310,869	\$1,257,487	\$5,141,810		\$50,700 124,772	\$178	
	7,479				11,649	\$848,931
708	2,838	8,804		111	309	4,339
30,353						1,701,210
				779,013		
<u>\$341,930</u>	<u>\$1,267,804</u>	<u>\$5,150,614</u>		<u>\$954,596</u>	<u>\$12,136</u>	<u>\$2,554,480</u>
\$16,969	\$37,473	\$15,843			\$99,815	\$1,201,079
						554,874
						2,681,960
						20,093
<u>16,969</u>	<u>37,473</u>	<u>15,843</u>			<u>99,815</u>	<u>4,458,006</u>
	7,479			\$779,013		1,186,864
324,961	1,222,852	5,134,771		175,583		
					(87,679)	(3,090,390)
<u>324,961</u>	<u>1,222,852</u>	<u>5,134,771</u>		<u>175,583</u>	<u>(87,679)</u>	<u>(3,090,390)</u>
<u>\$341,930</u>	<u>\$1,267,804</u>	<u>\$5,150,614</u>		<u>\$954,596</u>	<u>\$12,136</u>	<u>\$2,554,480</u>

(Continued)

**ITEM F-5
ATTACHMENT 2**

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		
	Environmental and Community Investment Agreement	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
ASSETS				
Cash and investments	\$15,079,174			
Restricted cash and investments		\$9,844,431	\$150	\$1,046,238
Receivables:				
Accounts, net				
Interest	29,268			
Grants				
Loans				
Total Assets	<u>\$15,108,442</u>	<u>\$9,844,431</u>	<u>\$150</u>	<u>\$1,046,238</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$766,141			\$100
Refundable deposits				
Due to other funds			\$237	1,003,477
Unearned revenue				2,895,537
Total Liabilities	<u>766,141</u>		<u>237</u>	<u>3,899,114</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND BALANCE				
Restricted	14,342,301	\$9,844,431		
Assigned				
Unassigned			(87)	(2,852,876)
Total Fund Balances (Deficits)	<u>14,342,301</u>	<u>9,844,431</u>	<u>(87)</u>	<u>(2,852,876)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$15,108,442</u>	<u>\$9,844,431</u>	<u>\$150</u>	<u>\$1,046,238</u>

**ITEM F-5
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CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
General Capital Improvement	Measure C / J	Harbor Navigation	
\$1,057,597	\$456,257	\$43,810	\$26,915,335
86,361			11,106,177
	1,906,395		2,986,445
13	476	96	51,828
2,550,798	125,944		6,204,102
			779,013
<u>\$3,694,769</u>	<u>\$2,489,072</u>	<u>\$43,906</u>	<u>\$48,042,900</u>
\$51,514	\$313,791		\$3,500,889
			554,874
			6,588,191
			3,611,157
<u>51,514</u>	<u>313,791</u>		<u>14,255,111</u>
<u>698,200</u>	<u>125,944</u>		<u>3,622,504</u>
2,945,055	2,049,337		39,061,160
		\$43,906	43,906
			(8,939,781)
<u>2,945,055</u>	<u>2,049,337</u>	<u>43,906</u>	<u>30,165,285</u>
<u>\$3,694,769</u>	<u>\$2,489,072</u>	<u>\$43,906</u>	<u>\$48,042,900</u>

**ITEM F-5
ATTACHMENT 2**

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS			
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training
REVENUES				
Property taxes				
Licenses, permits and fees		\$123,002	\$51,889	
Fines, forfeitures and penalties		19,943		
Use of money and property	\$5,974	13,874		
Intergovernmental	2,731,217	1,700,439		\$3,710,793
Private grants				
Charges for services			22,521	51,000
Pension stabilization revenue				
Other	62,974	1,800	5,123	95,434
Rent				3,300
Total Revenues	2,800,165	1,859,058	79,533	3,860,527
EXPENDITURES				
Current:				
General government		375,140	1,284,205	
Public safety		651,808		
Public works	3,068,653	901,398		
Community development				4,153,100
Cultural and recreational		345,993		
Housing and redevelopment				
Capital outlay	130,956			
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	3,199,609	2,274,339	1,284,205	4,153,100
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(399,444)	(415,281)	(1,204,672)	(292,573)
OTHER FINANCING SOURCES (USES)				
Transfers in				999,639
Transfers (out)				
Total Other Financing Sources (Uses)				999,639
NET CHANGE IN FUND BALANCES	(399,444)	(415,281)	(1,204,672)	707,066
BEGINNING FUND BALANCES (DEFICITS)	717,624	1,099,707	(1,704,077)	1,312,197
ENDING FUND BALANCES (DEFICITS)	\$318,180	\$684,426	(\$2,908,749)	\$2,019,263

ITEM F-5 ATTACHMENT 2

SPECIAL REVENUE FUNDS						
Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	Rent Control	Cost Recovery
	\$1,521,393		\$9,075,692			
		\$3,060,347			\$1,878,958	\$10,938,889
\$3,021 312,269	12,815	33,501	17,873	\$666	1,201	9,626 5,006,051
						3,237,648
108,647		3,105				47,135
423,937	1,534,208	3,096,953	9,093,565	666	1,880,159	19,239,349
360,310		112,058	73,383 1,270,466			7,431,850 384,253 4,965,091
	2,058,074	106,915				
		5,667				
		54,940			\$1,178,247	3,622,566
	75,439 2,502					
360,310	2,136,015	279,580	1,343,849		1,178,247	16,403,760
63,627	(601,807)	2,817,373	7,749,716	666	701,912	2,835,589
	700,877			255,762		1,084,897
			(7,823,380)			(622,898)
	700,877		(7,823,380)	255,762		461,999
63,627	99,070	2,817,373	(73,664)	256,428	701,912	3,297,588
261,334	1,123,782	2,317,398	73,664	(80,845)	(789,591)	(6,387,978)
\$324,961	\$1,222,852	\$5,134,771		\$175,583	(\$87,679)	(\$3,090,390)

(Continued)

**ITEM F-5
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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, 2018

	SPECIAL REVENUE FUND	DEBT SERVICE FUNDS		
	Environmental and Community Investment Agreement	2005 Pension Obligation Bonds	General Debt Service	Civic Center Debt Service
REVENUES				
Property taxes		\$11,405,083		
Licenses, permits and fees				
Fines, forfeitures and penalties				
Use of money and property	\$77,584	82,629	\$612	\$7,994
Intergovernmental				
Private grants	9,000,000			
Charges for services				5,910,745
Pension stabilization revenue				
Other	20,000			
Rent				
Total Revenues	9,097,584	11,487,712	612	5,918,739
EXPENDITURES				
Current:				
General government	5,689,718			
Public safety	120,947			
Public works	168,833			
Community development	300,000			
Cultural and recreational	261,614			
Housing and redevelopment				
Capital outlay	1,253,333			
Debt Service:				
Principal		6,653,000	1,520,000	1,970,000
Interest and fiscal charges		3,886,206	555,492	6,084,312
Total Expenditures	7,794,445	10,539,206	2,075,492	8,054,312
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,303,139	948,506	(2,074,880)	(2,135,573)
OTHER FINANCING SOURCES (USES)				
Transfers in		235,339	2,075,043	2,510,344
Transfers (out)				
Total Other Financing Sources (Uses)		235,339	2,075,043	2,510,344
NET CHANGE IN FUND BALANCES	1,303,139	1,183,845	163	374,771
BEGINNING FUND BALANCES (DEFICITS)	13,039,162	8,660,586	(250)	(3,227,647)
ENDING FUND BALANCES (DEFICITS)	\$14,342,301	\$9,844,431	(\$87)	(\$2,852,876)

**ITEM F-5
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CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
General Capital Improvement	Measure C / J	Harbor Navigation	
			\$22,002,168
			16,053,085
			19,943
\$1,089	\$3,560	\$2,102	274,121
2,831,366	2,401,023		18,693,158
			9,000,000
			9,221,914
1,597,375			1,941,593
			3,300
4,429,830	2,404,583	2,102	77,209,282
12,000		740,813	15,607,109
			2,899,842
34,982	906,748		12,210,694
			4,453,100
			613,274
			1,178,247
3,904,368	641,471		9,607,634
			10,218,439
			10,528,512
3,951,350	1,548,219	740,813	67,316,851
478,480	856,364	(738,711)	9,892,431
575,148			8,437,049
			(8,446,278)
575,148			(9,229)
1,053,628	856,364	(738,711)	9,883,202
1,891,427	1,192,973	782,617	20,282,083
\$2,945,055	\$2,049,337	\$43,906	\$30,165,285

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND BUDGETED NON-MAJOR FUNDS COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	STATE GAS TAX			GENERAL PURPOSE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees				\$25,000	\$123,002	\$98,002
Fines, forfeitures and penalties				19,000	19,943	943
Use of money and property		\$5,974	\$5,974		13,874	13,874
Intergovernmental	\$3,200,990	2,731,217	(469,773)	3,992,461	1,700,439	(2,292,022)
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other		62,974	62,974	30,475	1,800	(28,675)
Total Revenues	3,200,990	2,800,165	(400,825)	4,066,936	1,859,058	(2,207,878)
EXPENDITURES						
Current:						
General government				1,117,527	375,140	742,387
Public safety				887,568	651,808	235,760
Public works	3,269,304	3,068,653	200,651	1,887,090	901,398	985,692
Community development						
Cultural and recreational				555,149	345,993	209,156
Housing and redevelopment						
Capital outlay	108,813	130,956	(22,143)	171,151		171,151
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	3,378,117	3,199,609	178,508	4,618,485	2,274,339	2,344,146
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(177,127)	(399,444)	(222,317)	(551,549)	(415,281)	136,268
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(5,000)		5,000
Total Other Financing Sources (Uses)				(5,000)		5,000
NET CHANGE IN FUND BALANCES	(\$177,127)	(399,444)	(\$222,317)	(\$556,549)	(415,281)	\$141,268
BEGINNING FUND BALANCES (DEFICITS)		717,624			1,099,707	
ENDING FUND BALANCES (DEFICITS)		\$318,180			\$684,426	

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PARATRANSIT OPERATIONS			PUBLIC SAFETY			LIGHTING AND LANDSCAPING DISTRICTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$51,889	\$51,889				\$1,498,064	\$1,521,393	\$23,329
\$840,000		(840,000)	\$634 360,335	\$3,021 312,269	\$2,387 (48,066)	2,800	12,815	10,015
135,000	22,521	(112,479)						
96,000	5,123	(90,877)	38,429	108,647	70,218			
1,071,000	79,533	(991,467)	399,398	423,937	24,539	1,500,864	1,534,208	33,344
1,467,906	1,284,205	183,701	411,708	360,310	51,398	2,303,757	2,058,074	245,683
						70,857 4,239	75,439 2,502	(4,582) 1,737
1,467,906	1,284,205	183,701	411,708	360,310	51,398	2,378,853	2,136,015	242,838
(396,906)	(1,204,672)	(807,766)	(12,310)	63,627	75,937	(877,989)	(601,807)	276,182
						590,780	700,877	110,097
						590,780	700,877	110,097
(\$396,906)	(1,204,672)	(\$807,766)	(\$12,310)	63,627	\$75,937	(\$287,209)	99,070	\$386,279
	(1,704,077)			261,334			1,123,782	
	(\$2,908,749)			\$324,961			\$1,222,852	

(Continued)

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND BUDGETED NON-MAJOR FUNDS COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	DEVELOPER IMPACT FEES			RICHMOND NEIGHBORHOOD STABILIZATION CORPORATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees	\$2,867,688	\$3,060,347	\$192,659			
Fines, forfeitures and penalties						
Use of money and property	2,433	33,501	31,068		\$666	\$666
Intergovernmental						
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other	3,105	3,105		\$538,306		(538,306)
Total Revenues	2,873,226	3,096,953	223,727	538,306	666	(537,640)
EXPENDITURES						
Current:						
General government						
Public safety	322,628	112,058	210,570			
Public works	679,139	106,915	572,224			
Community development						
Cultural and recreational	421,000	5,667	415,333			
Housing and redevelopment				89,812		89,812
Capital outlay	138,373	54,940	83,433			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,561,140	279,580	1,281,560	89,812		89,812
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,312,086	2,817,373	1,505,287	448,494	666	(447,828)
OTHER FINANCING SOURCES (USES)						
Transfers in					255,762	255,762
Transfers (out)				(260,202)		260,202
Total Other Financing Sources (Uses)				(260,202)	255,762	515,964
NET CHANGE IN FUND BALANCES	\$1,312,086	2,817,373	\$1,505,287	\$188,292	256,428	\$68,136
BEGINNING FUND BALANCES (DEFICITS)		2,317,398			(80,845)	
ENDING FUND BALANCES (DEFICITS)		\$5,134,771			\$175,583	

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RENT CONTROL			COST RECOVERY			ENVIRONMENTAL AND COMMUNITY INVESTMENT AGREEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,425,338	\$1,878,958	(\$546,380)						
	1,201	1,201	\$5,884,012	\$10,938,889	\$5,054,877			
				9,626	9,626		\$77,584	\$77,584
			6,961,658	5,006,051	(1,955,607)			
			3,730,759	3,237,648	(493,111)	\$9,000,000	9,000,000	
			3,000	47,135	44,135		20,000	20,000
2,425,338	1,880,159	(545,179)	16,579,429	19,239,349	2,659,920	9,000,000	9,097,584	97,584
			8,980,008	7,431,850	1,548,158	8,925,405	5,689,718	3,235,687
				384,253	(384,253)	149,624	120,947	28,677
			4,813,365	4,965,091	(151,726)	220,000	168,833	51,167
						300,000	300,000	
						965,000	261,614	703,386
1,951,919	1,178,247	773,672	4,570,850	3,622,566	948,284	2,129,315	1,253,333	875,982
1,951,919	1,178,247	773,672	18,364,223	16,403,760	1,960,463	12,689,344	7,794,445	4,894,899
473,419	701,912	228,493	(1,784,794)	2,835,589	4,620,383	(3,689,344)	1,303,139	4,992,483
			1,084,897	1,084,897				
			(622,898)	(622,898)				
			461,999	461,999				
\$473,419	701,912	\$228,493	(\$1,322,795)	3,297,588	\$4,620,383	(\$3,689,344)	1,303,139	\$4,992,483
	(789,591)			(6,387,978)			13,039,162	
	(\$87,679)			(\$3,090,390)			\$14,342,301	

(Continued)

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND BUDGETED NON-MAJOR FUNDS COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	2005 PENSION OBLIGATION BONDS			GENERAL DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes	\$11,405,083	\$11,405,083				
Licenses, permits and fees						
Fines, forfeitures and penalties						
Use of money and property		82,629	\$82,629		\$612	\$612
Intergovernmental						
Private grants						
Charges for services						
Pension stabilization revenue						
Rent						
Other						
Total Revenues	11,405,083	11,487,712	82,629		612	612
EXPENDITURES						
Current:						
General government						
Public safety						
Public works						
Community development						
Cultural and recreational						
Housing and redevelopment						
Capital outlay						
Debt Service:						
Principal	6,653,000	6,653,000		\$1,520,000	1,520,000	
Interest and fiscal charges	5,805,973	3,886,206	1,919,767	555,543	555,492	51
Total Expenditures	12,458,973	10,539,206	1,919,767	2,075,543	2,075,492	51
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,053,890)	948,506	2,002,396	(2,075,543)	(2,074,880)	663
OTHER FINANCING SOURCES (USES)						
Transfers in	221,855	235,339	13,484	2,075,043	2,075,043	
Transfers (out)						
Total Other Financing Sources (Uses)	221,855	235,339	13,484	2,075,043	2,075,043	
NET CHANGE IN FUND BALANCES	<u>(\$832,035)</u>	1,183,845	<u>\$2,015,880</u>	<u>(\$500)</u>	163	<u>\$663</u>
BEGINNING FUND BALANCES (DEFICITS)		8,660,586			(250)	
ENDING FUND BALANCES (DEFICITS)		<u>\$9,844,431</u>			<u>(\$87)</u>	

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CIVIC CENTER DEBT SERVICE		
Budget	Actual	Variance Positive (Negative)
	\$7,994	\$7,994
\$5,808,919	5,910,745	101,826
<u>5,808,919</u>	<u>5,918,739</u>	<u>109,820</u>
1,970,000	1,970,000	
<u>6,082,263</u>	<u>6,084,312</u>	<u>(2,049)</u>
<u>8,052,263</u>	<u>8,054,312</u>	<u>(2,049)</u>
<u>(2,243,344)</u>	<u>(2,135,573)</u>	<u>107,771</u>
2,510,344	2,510,344	
<u>2,510,344</u>	<u>2,510,344</u>	
<u>\$267,000</u>	374,771	<u>\$107,771</u>
	<u>(3,227,647)</u>	
	<u>(\$2,852,876)</u>	

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ATTACHMENT 2

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NON-MAJOR ENTERPRISE FUNDS

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

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

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

ITEM F-5
ATTACHMENT 2

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2018

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	\$3,732,548			\$3,732,548
Restricted cash and investments	83,773			83,773
Receivables:				
Accounts	73,646	\$1,711	\$353,072	428,429
Interest	8,089			8,089
Prepays				
Total Current Assets	<u>3,898,056</u>	<u>1,711</u>	<u>353,072</u>	<u>4,252,839</u>
Noncurrent Assets				
Capital assets:				
Nondepreciable	24,477			24,477
Depreciable, net	1,444,779	1,028,467	4,163	2,477,409
Advances to other funds		167,451		167,451
Total Noncurrent Assets	<u>1,469,256</u>	<u>1,195,918</u>	<u>4,163</u>	<u>2,669,337</u>
Total Assets	<u>5,367,312</u>	<u>1,197,629</u>	<u>357,235</u>	<u>6,922,176</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions		70,793	544,280	615,073
Deferred outflows related to OPEB		3,527	62,779	66,306
Total Deferred Outflows of Resources		<u>74,320</u>	<u>607,059</u>	<u>681,379</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		172,964	4,222	177,186
Refundable deposits	83,773	1,200		84,973
Interest payable	107,923			107,923
Due to other funds		904,974	56,956	961,930
Compensated absences		16,876	37,295	54,171
Current portion of long term debt	89,081			89,081
Total Current Liabilities	<u>280,777</u>	<u>1,096,014</u>	<u>98,473</u>	<u>1,475,264</u>
Noncurrent Liabilities				
Advance from other funds		2,360,403		2,360,403
Long-term debt	2,527,227			2,527,227
Net pension liability		330,533	2,541,250	2,871,783
Net OPEB liability		93,872	1,670,919	1,764,791
Total Noncurrent Liabilities	<u>2,527,227</u>	<u>2,784,808</u>	<u>4,212,169</u>	<u>9,524,204</u>
Total Liabilities	<u>2,808,004</u>	<u>3,880,822</u>	<u>4,310,642</u>	<u>10,999,468</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions		6,141	47,212	53,353
Deferred inflows related to OPEB		1,133	20,165	21,298
Total Deferred Inflows of Resources		<u>7,274</u>	<u>67,377</u>	<u>74,651</u>
NET POSITION				
Net investment in capital assets	(1,063,279)	1,028,467	4,163	(30,649)
Unrestricted	3,622,587	(3,644,614)	(3,417,888)	(3,439,915)
Total Net Position	<u>\$2,559,308</u>	<u>(\$2,616,147)</u>	<u>(\$3,413,725)</u>	<u>(\$3,470,564)</u>

**ITEM F-5
ATTACHMENT 2**

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Richmond Marina	Storm Sewer	Cable TV	Total
OPERATING REVENUES				
Service charges		\$2,063,828	\$1,281,952	\$3,345,780
Lease income	\$537,438	4,282		541,720
Other				
Total Operating Revenues	537,438	2,068,110	1,281,952	3,887,500
OPERATING EXPENSES				
Salaries and benefits		230,236	1,324,528	1,554,764
General and administrative	24,406	1,312,993	366,665	1,704,064
Maintenance	99,419			99,419
Depreciation	85,563	45,088	5,868	136,519
Other			94	94
Total Operating Expenses	209,388	1,588,317	1,697,155	3,494,860
Operating Income (Loss)	328,050	479,793	(415,203)	392,640
NONOPERATING REVENUES (EXPENSES)				
Grants				
Interest income	35,919		589	36,508
Interest (expense)	(118,054)	(73,491)		(191,545)
Total Nonoperating Revenues (Expenses)	(82,135)	(73,491)	589	(155,037)
Income (Loss) Before Transfers	245,915	406,302	(414,614)	237,603
Transfers out	(86,778)			(86,778)
Change in Net Position	159,137	406,302	(414,614)	150,825
BEGINNING NET POSITION (DEFICIT), AS RESTATED	2,400,171	(3,022,449)	(2,999,111)	(3,621,389)
ENDING NET POSITION	\$2,559,308	(\$2,616,147)	(\$3,413,725)	(\$3,470,564)

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND NON-MAJOR ENTERPRISE FUNDS COMBINING STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$541,516	\$2,069,885	\$1,259,249	\$3,870,650
Payments to suppliers	(129,713)	(1,421,961)	(366,315)	(1,917,989)
Payments to employees		(136,814)	(1,044,788)	(1,181,602)
Cash Flows from Operating Activities	411,803	511,110	(151,854)	771,059
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	(86,778)			(86,778)
Interfund receipts (payments)		(437,628)	56,956	(380,672)
Cash Flows from Noncapital Financing Activities	(86,778)	(437,628)	56,956	(467,450)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Grants				
Acquisition of capital assets	(24,478)	1		(24,477)
Repayment of long-term borrowing	(85,245)			(85,245)
Interest paid	(121,570)	(73,491)		(195,061)
Cash flows from capital financing activities	(231,293)	(73,490)		(304,783)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	31,733		765	32,498
Cash Flows from Investing Activities	31,733		765	32,498
Net Cash Flows	125,465	(8)	(94,133)	31,324
Cash and investments at beginning of period	3,690,856	8	94,133	3,784,997
Cash and investments at end of period	\$3,816,321			\$3,816,321
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	\$328,050	\$479,793	(\$415,203)	\$392,640
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	85,563	45,088	5,868	136,519
Change in assets and liabilities:				
Accounts receivable	4,078	1,775	(22,703)	(16,850)
Prepays			608	608
Accounts payable and accrued liabilities and other accrued expenses	(5,888)	(108,968)	(164)	(115,020)
Compensated absences		9,460	(10,118)	(658)
Net pension liability and deferred outflows/inflows of resources		83,552	282,558	366,110
Net OPEB liability and deferred outflows/inflows of resources		410	7,300	7,710
Cash Flows from Operating Activities	\$411,803	\$511,110	(\$151,854)	\$771,059

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 Position.

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.

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.

Compensated Absences Fund is used to account for sick, vacation and compensatory time leave payouts related to employee retirements.

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND INTERNAL SERVICE FUNDS COMBINING STATEMENTS OF NET POSITION JUNE 30, 2018

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
ASSETS					
Current Assets					
Cash and investments	\$19,348,889	\$1,849,033	\$909,626		\$22,107,548
Restricted cash and investments		1,230,731			1,230,731
Receivables:					
Accounts	73,353		76,632		149,985
Interest	72,783	1,331	2,634		76,748
Loan	150,000				150,000
Due from other funds	14,467,306				14,467,306
Total Current Assets	34,112,331	3,081,095	988,892		38,182,318
Noncurrent Assets					
Capital assets:					
Nondepreciable		1,451,985			1,451,985
Depreciable, net		4,469,296	70,053		4,539,349
Advances to other funds	2,360,403				2,360,403
Total Noncurrent Assets	2,360,403	5,921,281	70,053		8,351,737
Total Assets	36,472,734	9,002,376	1,058,945		46,534,055
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	774,178				774,178
Deferred outflows related to OPEB	77,592				77,592
Total Deferred Outflows of Resources	851,770				851,770
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	233,487	47,716	6,221		287,424
Interest payable		12,565			12,565
Accrued claims liabilities	11,120,445				11,120,445
Current portion of long-term debt		224,192			224,192
Total Current Liabilities	11,353,932	284,473	6,221		11,644,626
Noncurrent Liabilities					
Compensated absences	73,851		158,225		232,076
Unearned revenue			783,820		783,820
Accrued claims liabilities	26,587,129				26,587,129
Long-term debt, net		2,463,453			2,463,453
Net pension liability	3,614,648				3,614,648
Net OPEB liability	2,065,181				2,065,181
Total Noncurrent Liabilities	32,340,809	2,463,453	942,045		35,746,307
Total Liabilities	43,694,741	2,747,926	948,266		47,390,933
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	67,154				67,154
Deferred inflows related to OPEB	24,923				24,923
Total Deferred Inflows of Resources	92,077				92,077
NET POSITION (DEFICIT)					
Net investment in capital assets		4,464,367	70,053		4,534,420
Unrestricted	(6,462,314)	1,790,083	40,626		(4,631,605)
Total Net Position (Deficit)	(\$6,462,314)	\$6,254,450	\$110,679		(\$97,185)

**ITEM F-5
ATTACHMENT 2**

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
OPERATING REVENUES					
Charges for services-internal	\$19,248,324	\$1,253,000	\$3,931,905	\$2,156,267	\$26,589,496
Charges for services-external			1,007,391		1,007,391
Total Operating Revenues	19,248,324	1,253,000	4,939,296	2,156,267	27,596,887
OPERATING EXPENSES					
Salaries and benefits	1,559,549		3,787,143	2,156,273	7,502,965
General and administrative	1,361,785	7,535	980,497		2,349,817
Maintenance	2,774,204	64,671	96,379		2,935,254
Depreciation		1,151,488	5,228		1,156,716
Claims losses	12,509,419				12,509,419
Other	11,029				11,029
Total Operating Expenses	18,215,986	1,223,694	4,869,247	2,156,273	26,465,200
Operating Income (Loss)	1,032,338	29,306	70,049	(6)	1,131,687
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) from sale of property		(5,372)			(5,372)
Grants	779,596	1,255,325			2,034,921
Interest income	394,166	7,065			401,231
Interest expense		(16,287)			(16,287)
Total Nonoperating Revenues (Expenses)	1,173,762	1,240,731			2,414,493
Income (Loss) Before Transfers	2,206,100	1,270,037	70,049	(6)	3,546,180
Transfers in	200,000	283,520			483,520
Change in Net Position	2,406,100	1,553,557	70,049	(6)	4,029,700
BEGINNING NET POSITION (DEFICIT), AS RESTATED	(8,868,414)	4,700,893	40,630	6	(4,126,885)
ENDING NET POSITION (DEFICIT)	(\$6,462,314)	\$6,254,450	\$110,679		(\$97,185)

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND INTERNAL SERVICE FUNDS COMBINING STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	Insurance Reserves	Equipment Services and Replacement	Police Tele- communications	Compensated Absences	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$19,374,971	\$1,253,000	\$4,523,317	\$2,156,267	\$27,307,555
Payments to employees	(1,661,059)		(3,799,028)	(2,156,273)	(7,616,360)
Payments to suppliers	(4,258,484)	(32,689)	(1,073,948)		(5,365,121)
Insurance premiums and claims paid	(11,330,259)				(11,330,259)
Cash Flows from Operating Activities	2,125,169	1,220,311	(349,659)	(6)	2,995,815
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	3,343,754				3,343,754
Transfers in	200,000	283,520			483,520
Cash Flows from Noncapital Financing Activities	3,543,754	283,520			3,827,274
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grant receipts	779,596	1,255,325			2,034,921
Acquisition of capital assets		(2,629,436)	(75,281)		(2,704,717)
Issuance of long-term debt		2,687,645			2,687,645
Principal payments on capital debt		(168,760)			(168,760)
Interest and fiscal charges paid		(3,805)			(3,805)
Cash Flows from Capital and Related Financing Activities	779,596	1,140,969	(75,281)		1,845,284
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	354,974	6,481	(1,570)		359,885
Cash Flows from Investing Activities	354,974	6,481	(1,570)		359,885
Net Cash Flows	6,803,493	2,651,281	(426,510)	(6)	9,028,258
Cash and investments at beginning of period	12,545,396	428,483	1,336,136	6	14,310,021
Cash and investments at end of period	<u>\$19,348,889</u>	<u>\$3,079,764</u>	<u>\$909,626</u>		<u>\$23,338,279</u>
Reconciliation of operating income (loss) to net cash flows					
from operating activities:					
Operating income (loss)	\$1,032,338	\$29,306	\$70,049	(\$6)	\$1,131,687
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation		1,151,488	5,228		1,156,716
Change in assets and liabilities:					
Receivables, net	126,647		183,202		309,849
Prepays			5,300		5,300
Accounts and other payables	(111,466)	39,517	(2,372)		(74,321)
Unearned revenue			(599,181)		(599,181)
Compensated absences	16,561		(11,885)		4,676
Claims payable	1,179,160				1,179,160
(Decrease) increase in due to retirement system	(127,094)				(127,094)
(Decrease) increase in due to OPEB	9,023				9,023
Cash Flows from Operating Activities	<u>\$2,125,169</u>	<u>\$1,220,311</u>	<u>(\$349,659)</u>	<u>(\$6)</u>	<u>\$2,995,815</u>
Non cash transactions:					
Retirement of capital assets		(\$5,372)			(\$5,372)

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:

PENSION TRUST FUNDS

General Pension Fund records the activity of the General Pension Plan, a defined benefit pension plan that covers 28 former City employees not covered by PERS, all of whom have retired.

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

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

OPEB TRUST FUND

OPEB Plan Fund was established to account for the medical benefits for former employees of the City.

PRIVATE-PURPOSE TRUST FUNDS

Pt. Molate Fund is used to account for assets held by the City as an agent for the U.S. Navy and a private developer for the cleanup of Point Molate.

Successor Agency to the Richmond Community Redevelopment Agency Fund accounts for the activities of the Successor Agency to the former Redevelopment Agency.

ITEM F-5
ATTACHMENT 2

CITY OF RICHMOND
PENSION AND OPEB TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>PENSION</u>				
	<u>General Pension</u>	<u>Police and Firemen's Pension</u>	<u>Garfield Pension</u>	<u>OPEB Plan</u>	<u>Total</u>
ASSETS					
Pension and OPEB plan cash and investments:					
City of Richmond investment pool	\$741,688	\$652,968	\$131,418		\$1,526,074
Local Agency Investment Fund			176,245		176,245
Mutual fund investments		10,932,280		\$17,422,879	28,355,159
Receivables:					
Accounts					
Interest	<u>45</u>	<u>2,331</u>	<u>98</u>		<u>2,474</u>
Total Assets	<u>741,733</u>	<u>11,587,579</u>	<u>307,761</u>	<u>17,422,879</u>	<u>30,059,952</u>
NET POSITION					
Restricted for employees' pension and OPEB benefits	<u>\$741,733</u>	<u>\$11,587,579</u>	<u>\$307,761</u>	<u>\$17,422,879</u>	<u>\$30,059,952</u>

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CITY OF RICHMOND
PENSION AND OPEB TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	PENSION				
	General Pension	Police and Firemen's Pension	Garfield Pension	OPEB Plan	Total
ADDITIONS					
Net investment income:				\$632,089	\$632,089
Interest income	\$2,195	\$254,046	\$2,620		\$258,861
Net increase (decrease) in the fair value of investments	12	400,794	7		400,813
Investment management fees		(65,812)			(65,812)
Contributions to trust - employer	814,594	1,270,466	102,140	13,599,120	15,786,320
Contributions to trust - employee				765,475	765,475
Total Additions	816,801	1,859,494	104,767	14,996,684	17,777,746
DEDUCTIONS					
Pension and OPEB benefits	524,939	2,656,508	94,323	6,861,529	10,137,299
Other				49,169	49,169
Total Deductions	524,939	2,656,508	94,323	6,910,698	10,186,468
Net Increase (Decrease)	291,862	(797,014)	10,444	8,085,986	7,591,278
NET POSITION RESTRICTED FOR PENSION AND OPEB BENEFITS					
Beginning of year	449,871	12,384,593	297,317	9,336,893	22,468,674
End of year	<u>\$741,733</u>	<u>\$11,587,579</u>	<u>\$307,761</u>	<u>\$17,422,879</u>	<u>\$30,059,952</u>

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CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Pt. Molate</u>	<u>Successor Agency to the Richmond Community Redevelopment Agency</u>	<u>Total</u>
ASSETS			
Cash and investments		\$15,051,204	\$15,051,204
Restricted cash and investments	\$3,220,147	21,746,419	24,966,566
Accounts receivable		177,409	177,409
Grants receivable		2,177,084	2,177,084
Loans receivable		1,574,000	1,574,000
Prepays and other assets		6,366,928	6,366,928
Capital assets:			
Nondepreciable		4,313,167	4,313,167
Total Assets	<u>3,220,147</u>	<u>51,406,211</u>	<u>54,626,358</u>
LIABILITIES			
Accounts payable and accrued liabilities		916,416	916,416
Interest payable		1,203,574	1,203,574
Derivative instrument at fair value-liability		4,033,000	4,033,000
Long-term debt:			
Due within one year		8,227,087	8,227,087
Due in more than one year		86,377,962	86,377,962
Total Liabilities		<u>100,758,039</u>	<u>100,758,039</u>
NET POSITION			
Held in trust other governments	<u>\$3,220,147</u>	<u>(\$49,351,828)</u>	<u>(\$46,131,681)</u>

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CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
ADDITIONS			
Property taxes		\$12,255,069	\$12,255,069
Investment income	\$12,409	1,145,394	1,157,803
Intergovernmental revenue		4,898,936	4,898,936
Proceeds from sale of property		1,614,529	1,614,529
Miscellaneous revenue		398,321	398,321
Total Additions	12,409	20,312,249	20,324,658
DEDUCTIONS			
Community development		4,835,285	4,835,285
Payments in accordance with trust agreements	444,739		444,739
Interest and fiscal charges		4,993,687	4,993,687
Total Deductions	444,739	9,828,972	10,273,711
Change in net position	(432,330)	10,483,277	10,050,947
NET POSITION (DEFICIT), BEGINNING OF YEAR	3,652,477	(59,835,105)	(56,182,628)
NET POSITION (DEFICIT), END OF YEAR	\$3,220,147	(\$49,351,828)	(\$46,131,681)

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CITY OF RICHMOND
SUBCOMBINING SCHEDULE OF NET POSITION OF THE
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Bond Funded Capital Projects
ASSETS				
Cash and investments	\$10,282,073	\$6,238	\$4,762,893	
Restricted cash and investments			2,065,472	\$148,735
Accounts receivable		2,225	175,184	
Grants receivable			2,177,084	
Loans receivable			1,574,000	
Due from other funds			36,993	
Prepays and other assets			6,366,928	
Capital assets: Nondepreciable			4,313,167	
Total Assets	<u>10,282,073</u>	<u>8,463</u>	<u>21,471,721</u>	<u>148,735</u>
LIABILITIES				
Accounts payable and accrued liabilities		8,464	906,702	
Due to other funds				36,993
Interest payable				
Derivative instrument at fair value-liability				
Long-term debt:				
Due within one year				
Due in more than one year				
Total Liabilities		<u>8,464</u>	<u>906,702</u>	<u>36,993</u>
NET POSITION (DEFICIT)				
Held in trust for other governments	<u><u>\$10,282,073</u></u>	<u><u>(\$1)</u></u>	<u><u>\$20,565,019</u></u>	<u><u>\$111,742</u></u>

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<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
		\$15,051,204
\$19,532,212		21,746,419
		177,409
		2,177,084
		1,574,000
	(\$36,993)	
		6,366,928
		<u>4,313,167</u>
<u>19,532,212</u>	<u>(36,993)</u>	<u>51,406,211</u>
1,250		916,416
	(36,993)	
1,203,574		1,203,574
4,033,000		4,033,000
8,227,087		8,227,087
<u>86,377,962</u>		<u>86,377,962</u>
<u>99,842,873</u>	<u>(36,993)</u>	<u>100,758,039</u>
<u><u>(\$80,310,661)</u></u>	<u><u></u></u>	<u><u>(\$49,351,828)</u></u>

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CITY OF RICHMOND
SUBCOMBINING SCHEDULE OF CHANGES IN NET POSITION OF THE
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Redevelopment Property Tax Trust Fund</u>	<u>Administration</u>	<u>Capital Projects</u>	<u>Bond Funded Capital Projects</u>
ADDITIONS				
Property taxes	\$12,255,069			
Investment income			\$99,796	\$1,557
Intergovernmental revenue			4,898,936	
Transfers from other funds		\$522,252	437,773	
Proceeds from sale of property			1,614,529	
Miscellaneous revenue			398,321	
	<u>12,255,069</u>	<u>522,252</u>	<u>7,449,355</u>	<u>1,557</u>
Total Additions				
	<u>12,255,069</u>	<u>522,252</u>	<u>7,449,355</u>	<u>1,557</u>
DEDUCTIONS				
Community development		522,254	3,053,002	
Interest and fiscal charges				
Transfers to other funds	12,960,693		652,234	40,773
	<u>12,960,693</u>	<u>522,254</u>	<u>3,705,236</u>	<u>40,773</u>
Total Deductions				
	<u>12,960,693</u>	<u>522,254</u>	<u>3,705,236</u>	<u>40,773</u>
Change in net position	(705,624)	(2)	3,744,119	(39,216)
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>10,987,697</u>	<u>1</u>	<u>16,820,900</u>	<u>150,958</u>
NET POSITION (DEFICIT), END OF YEAR	<u><u>\$10,282,073</u></u>	<u><u>(\$1)</u></u>	<u><u>\$20,565,019</u></u>	<u><u>\$111,742</u></u>

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<u>Bond Payments</u>	<u>Intra Fund Eliminations</u>	<u>Total</u>
		\$12,255,069
\$1,044,041		1,145,394
		4,898,936
12,693,675	(\$13,653,700)	1,614,529
		398,321
<u>13,737,716</u>	<u>(13,653,700)</u>	<u>20,312,249</u>
1,260,029		4,835,285
4,993,687		4,993,687
	(13,653,700)	
<u>6,253,716</u>	<u>(13,653,700)</u>	<u>9,828,972</u>
7,484,000		10,483,277
<u>(87,794,661)</u>		<u>(59,835,105)</u>
<u>(\$80,310,661)</u>		<u>(\$49,351,828)</u>

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AGENCY FUNDS

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

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

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

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

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

JPFA Reassessment Fund receives secured tax payments (from assessment rolls), and makes payments on the JPFA Revenue Reassessment Bonds; Series 2011A.

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.

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CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Special Assessment				
Cash and investments	\$914,106	\$311,031	\$318,287	\$906,850
Restricted cash and investments	341,408	1,900		343,308
Interest receivable	985	1,799	985	1,799
Total Assets	<u>\$1,256,499</u>	<u>\$314,730</u>	<u>\$319,272</u>	<u>\$1,251,957</u>
Due to assessment district bondholders	<u>\$1,256,499</u>	<u>\$314,730</u>	<u>\$319,272</u>	<u>\$1,251,957</u>
General Agency				
Cash and investments	\$1,236,124	\$101,853	\$124,268	\$1,213,709
Restricted cash and investments		16,679		16,679
Interest receivable	1,356	2,569	1,356	2,569
Total Assets	<u>\$1,237,480</u>	<u>\$121,101</u>	<u>\$125,624</u>	<u>\$1,232,957</u>
Accounts payable and accrued liabilities	\$44,888	\$6,185	\$44,888	\$6,185
Refundable Deposits	1,192,592	114,916	80,736	1,226,772
Total Liabilities	<u>\$1,237,480</u>	<u>\$121,101</u>	<u>\$125,624</u>	<u>\$1,232,957</u>
Johnson Library				
Cash and investments	\$10,286	\$114	\$22	\$10,378
Interest receivable	11	23	11	23
Total Assets	<u>\$10,297</u>	<u>\$137</u>	<u>\$33</u>	<u>\$10,401</u>
Refundable deposits	<u>\$10,297</u>	<u>\$137</u>	<u>\$33</u>	<u>\$10,401</u>
Senior Center				
Cash and investments	\$78,344	\$53,824	\$68,960	\$63,208
Interest receivable	80	158	80	158
Total Assets	<u>\$78,424</u>	<u>\$53,982</u>	<u>\$69,040</u>	<u>\$63,366</u>
Accounts payable and accrued liabilities	\$11,572	\$3,618	\$11,572	\$3,618
Refundable Deposits	66,852	50,364	57,468	59,748
Total Liabilities	<u>\$78,424</u>	<u>\$53,982</u>	<u>\$69,040</u>	<u>\$63,366</u>

(Continued)

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CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
JPFA Reassessment				
Cash and investments	\$2,537,694	\$960,933	\$810,056	\$2,688,571
Restricted cash and investments	661,567		8,680	652,887
Interest receivable	2,738	5,697	2,738	5,697
Investment in reassessment bonds	2,255,000		605,000	1,650,000
Total Assets	<u>\$5,456,999</u>	<u>\$966,630</u>	<u>\$1,426,474</u>	<u>\$4,997,155</u>
Accounts payable and accrued liabilities		\$82		\$82
Due to assessment district bondholders	\$5,456,999	966,548	\$1,426,474	4,997,073
Total Liabilities	<u>\$5,456,999</u>	<u>\$966,630</u>	<u>\$1,426,474</u>	<u>\$4,997,155</u>
Payroll Benefits				
Cash and investments		\$1,621,296	\$431,014	\$1,190,282
Accounts receivable	\$345,968	431,012	345,968	431,012
Total Assets	<u>\$345,968</u>	<u>\$2,052,308</u>	<u>\$776,982</u>	<u>\$1,621,294</u>
Accounts payable and accrued liabilities	<u>\$345,968</u>	<u>\$2,052,308</u>	<u>\$776,982</u>	<u>\$1,621,294</u>
2006 A&B Reassessment District				
Cash and investments	\$692,960	\$780,265	\$674,484	\$798,741
Restricted cash and investments	91,929	107,296		199,225
Interest receivable	719	1,564	719	1,564
Investment in reassessment bonds	8,065,000		379,393	7,685,607
Total Assets	<u>\$8,850,608</u>	<u>\$889,125</u>	<u>\$1,054,596</u>	<u>\$8,685,137</u>
Accounts payable and accrued liabilities		\$226		\$226
Due to assessment district bondholders	\$8,850,608	888,899	\$1,054,596	8,684,911
Total Liabilities	<u>\$8,850,608</u>	<u>\$889,125</u>	<u>\$1,054,596</u>	<u>\$8,685,137</u>

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CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Total Agency Funds</u>				
Cash and investments	\$5,469,514	\$3,829,316	\$2,427,091	\$6,871,739
Restricted cash and investments	1,094,904	125,875	8,680	1,212,099
Investment in reassessment bonds	10,320,000		984,393	9,335,607
Accounts receivable	345,968	431,012	345,968	431,012
Interest receivable	<u>5,889</u>	<u>11,810</u>	<u>5,889</u>	<u>11,810</u>
Total Assets	<u>\$17,236,275</u>	<u>\$4,398,013</u>	<u>\$3,772,021</u>	<u>\$17,862,267</u>
Accounts payable and accrued liabilities	\$402,428	\$2,062,419	\$833,442	\$1,631,405
Refundable Deposits	1,269,741	165,417	138,237	1,296,921
Due to assessment district bondholders	<u>15,564,106</u>	<u>2,170,177</u>	<u>2,800,342</u>	<u>14,933,941</u>
Total Liabilities	<u>\$17,236,275</u>	<u>\$4,398,013</u>	<u>\$3,772,021</u>	<u>\$17,862,267</u>

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 wellbeing have changed over time:

1. Net Position by Component
2. Changes in Net Position
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 and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Tax Payers
4. Property Tax Levies and Collections
5. Utility Users Tax Collections
6. Utility Users Tax Direct Rates
7. Top Ten Utility Users Taxpayers

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bond Coverage – 1999, 2006, 2008, 2010A & 2010B Wastewater Revenue Bonds
3. Revenue Bond Coverage – 1996, 1999, 2004, 2007 and 2009 Port Terminal Lease Revenue Bonds, Note and Point Potrero Lease Revenue Bonds.
4. General Bonded Debt – Pension Obligation Bonds
5. Bonded Debt Pledged Revenue Coverage –Tax Allocation Bonds all Refunding 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

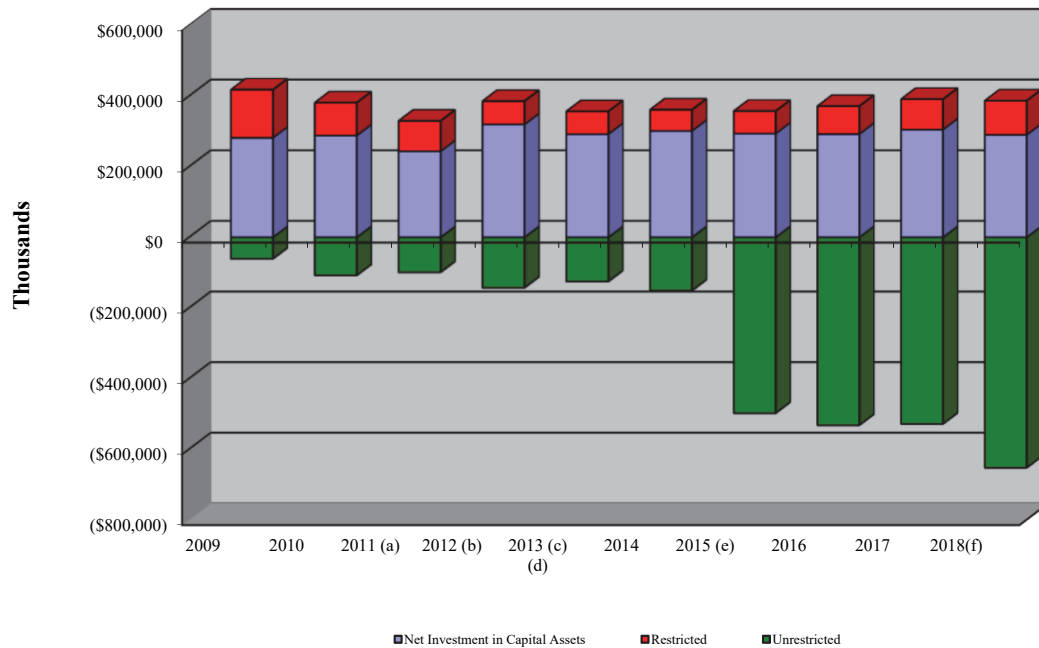
Sources

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

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



	Fiscal Year Ended June 30				
	2009	2010	2011 (a)	2012 (b)	2013 (c) (d)
Governmental activities					
Net investment in capital assets	\$201,607,368	\$201,197,639	\$164,739,567	\$242,281,323	\$214,572,546
Restricted	135,801,179	72,114,985	78,105,002	57,989,820	55,396,056
Unrestricted	(57,236,422)	(66,103,671)	(83,013,306)	(118,620,471)	(119,231,699)
Total governmental activities net position	<u>\$280,172,125</u>	<u>\$207,208,953</u>	<u>\$159,831,263</u>	<u>\$181,650,672</u>	<u>\$150,736,903</u>
Business-type activities					
Net investment in capital assets	\$79,540,643	\$86,432,590	\$78,162,970	\$76,731,871	\$76,966,448
Restricted	612,613	21,150,740	8,334,722	8,169,878	9,196,255
Unrestricted	(3,963,417)	(42,004,396)	(16,389,951)	(24,759,367)	(6,365,742)
Total business-type activities net position	<u>\$76,189,839</u>	<u>\$65,578,934</u>	<u>\$70,107,741</u>	<u>\$60,142,382</u>	<u>\$79,796,961</u>
Primary government					
Net investment in capital assets	\$281,148,011	\$287,630,229	\$242,902,537	\$319,013,194	\$291,538,994
Restricted	136,413,792	93,265,725	86,439,724	66,159,698	64,592,311
Unrestricted	(61,199,839)	(108,108,067)	(99,403,257)	(143,379,838)	(125,597,441)
Total primary government net position	<u>\$356,361,964</u>	<u>\$272,787,887</u>	<u>\$229,939,004</u>	<u>\$241,793,054</u>	<u>\$230,533,864</u>

- (a) Balance was restated in fiscal year 2012. Years prior to 2011 have not been restated.
 (b) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.
 (c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".
 (d) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.
 (e) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.
 (f) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

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Fiscal Year Ended June 30				
2014	2015 (e)	2016	2017	2018(f)
\$227,828,243	\$218,144,811	\$228,292,389	\$233,619,046	\$221,336,363
50,461,923	54,578,939	70,322,707	76,810,440	87,380,363
(148,161,106)	(479,961,080)	(508,981,299)	(504,602,583)	(625,067,289)
<u>\$130,129,060</u>	<u>(\$207,237,330)</u>	<u>(\$210,366,203)</u>	<u>(\$194,173,097)</u>	<u>(\$316,350,563)</u>
\$72,911,000	\$74,922,303	\$63,405,228	\$71,000,240	\$68,213,687
9,793,767	9,408,237	9,008,038	9,441,288	9,514,522
(3,096,845)	(18,432,590)	(23,382,659)	(24,096,174)	(27,908,968)
<u>\$79,607,922</u>	<u>\$65,897,950</u>	<u>\$49,030,607</u>	<u>\$56,345,354</u>	<u>\$49,819,241</u>
\$300,739,243	\$293,067,114	\$291,697,617	\$304,619,286	\$289,550,050
60,255,690	63,987,176	79,330,745	86,251,728	96,894,885
(151,257,951)	(498,393,670)	(532,363,958)	(528,698,757)	(652,976,257)
<u>\$209,736,982</u>	<u>(\$141,339,380)</u>	<u>(\$161,335,596)</u>	<u>(\$137,827,743)</u>	<u>(\$266,531,322)</u>

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

	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013 (b)
Expenses					
Governmental Activities:					
General Government	\$18,745,594	\$19,044,449	\$17,127,696	\$32,549,754	\$35,272,517
Public Safety	91,432,506	95,147,888	101,613,767	100,403,365	97,136,602
Public Works	43,289,943	43,342,529	41,004,033	42,747,958	46,011,618
Community Development	4,316,710	7,698,693	7,685,733	5,845,968	4,909,158
Cultural and Recreational	16,618,663	14,952,438	14,647,978	14,583,687	12,129,962
Housing and Redevelopment	19,209,243	18,014,624	15,524,912	19,768,765	2,816,094
Interest and Fiscal Charges	22,961,838	30,251,260	23,108,139	19,633,486	15,411,831
Total Governmental Activities Expenses	216,574,497	228,451,881	220,712,258	235,532,983	213,687,782
Business-Type Activities:					
Richmond Housing Authority	23,335,623	27,709,496	27,246,056	30,989,229	28,992,229
Port of Richmond	4,739,269	8,611,216	7,033,016	7,868,918	9,337,252
Richmond Marina	235,571	232,855	343,734	1,681,461	266,918
Municipal Sewer	14,290,536	13,611,098	14,193,822	14,655,752	16,964,175
Storm Sewer	4,466,645	2,527,838	2,670,397	2,744,775	2,815,541
Cable TV	898,370	991,506	961,059	1,037,142	990,802
Total Business-Type Activities Expenses	47,966,014	53,684,009	52,448,084	58,977,277	59,366,917
Total Primary Government Expenses	\$264,540,511	\$282,135,890	\$273,160,342	\$294,510,260	\$273,054,699
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$7,813,724	\$6,612,893	\$8,155,496	\$8,496,532	\$11,596,612
Public Safety	3,931,893	5,674,457	5,177,825	5,075,588	5,400,290
Public Works	1,669,681	1,656,353	3,741,601	2,596,312	3,090,211
Community Development	170,872	504,726	135,215	361,706	234,836
Cultural and Recreational	594,205	1,294,976	1,151,374	1,118,777	516,499
Housing and Redevelopment	7,000	222,459			
Operating Grants and Contributions	8,402,636	12,286,127	17,934,341	11,259,829	9,703,416
Capital Grants and Contributions	6,997,666	9,685,942	20,016,974	17,238,057	11,360,153
Total Government Activities Program Revenues	29,587,677	37,937,933	56,312,826	46,146,801	41,902,017
Business-Type Activities:					
Charges for Services:					
Richmond Housing Authority	3,096,831	2,100,519	1,916,352	2,354,197	2,619,669
Port of Richmond	5,095,840	3,882,153	6,329,914	7,745,580	9,043,026
Richmond Marina	476,588	417,679	220,858	259,777	466,921
Municipal Sewer	14,432,849	15,991,488	17,342,276	17,565,632	17,733,454
Storm Sewer	1,579,698	1,593,792	1,697,475	1,800,536	1,842,001
Cable TV	1,084,389	1,157,502	1,099,919	1,022,100	1,320,552
Operating Grants and Contributions	18,683,329	21,549,967	23,332,167	22,742,102	22,323,336
Capital Grants and Contributions	50,027	2,429,709	2,685,479	3,775,002	10,087,538
Total Business-Type Activities Program Revenue	44,499,551	49,122,809	54,624,440	57,264,926	65,436,497
Total Primary Government Program Revenues	\$74,087,228	\$87,060,742	\$110,937,266	\$103,411,727	\$107,338,514
Net (Expense)/Revenue					
Governmental Activities	(\$186,986,820)	(\$190,513,948)	(\$164,399,432)	(\$189,386,182)	(\$171,785,765)
Business-Type Activities	(3,466,463)	(4,561,200)	2,176,356	(1,712,351)	6,069,580
Total Primary Government Net Expense	(\$190,453,283)	(\$195,075,148)	(\$162,223,076)	(\$191,098,533)	(\$165,716,185)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes:					
Current Collections	\$78,279,818	\$62,620,002	\$61,155,694	\$52,219,777	\$47,207,734
Sales Taxes	27,922,698	25,000,182	23,025,923	27,788,339	29,865,548
Utility User Taxes	48,953,004	50,298,719	45,007,806	45,984,315	48,398,349
Documentary Transfer Taxes				2,765,842	2,957,834
Other Taxes	7,959,683	6,092,050	3,361,146	3,784,986	3,289,518
Use of Money and Property	6,851,266	(7,618,093)	8,877,982	(22,064,295)	11,331,823
Unrestricted Intergovernmental	2,197,148	957,140	2,427,575	4,752,245	44,814
Miscellaneous	9,220,595	5,465,467	6,723,228	7,917,715	3,461,402
Gain From Sale of Capital Assets	5,000,000				
Pension Stabilization Revenue	5,292,746	2,728,314	2,728,314	2,544,175	2,549,922
Developer Revenue Sharing	51,767	138,454	101,739	55,958	
Transfers	(692,391)	500,000	(85,629)	1,030,428	(590,394)
Special/Extraordinary Items:					
Swap Termination					
Transfer of Loans to Housing Successor					
Assets Transferred To/Liabilities Assumed By Housing Successor/Successor Agency				84,426,106 (a)	(5,328,244)
Total Government Activities	191,036,334	146,182,235	153,323,778	211,205,591	143,188,306
Business-Type Activities:					
Taxes:					
Property Taxes					
Use of Money and Property	390,189	(2,768,103)	1,657,791	(5,331,300)	4,054,073
Settlement		1,922,260			
Other	7,701	188,143	609,031		
Special Item					
Transfers	692,391	(500,000)	85,629	(1,030,428)	590,394
Extraordinary Items					9,023,704
Total Business-Type Activities	1,090,281	(1,157,700)	2,352,451	(6,361,728)	13,668,171
Total Primary Government	\$192,126,615	\$145,024,535	\$155,676,229	\$204,843,863	\$156,856,477
Change in Net Position					
Governmental Activities	\$4,049,514	(\$44,331,713)	(\$11,075,654)	\$21,819,409	(\$28,597,459)
Business-Type Activities	(2,376,182)	(5,718,900)	4,528,807	(8,074,079)	19,737,751
Total Primary Government	\$1,673,332	(\$50,050,613)	(\$6,546,847)	\$13,745,330	(\$8,859,708)

(a) The Redevelopment Agency was dissolved effective January 31, 2012 and its net position transferred to a Successor Agency.

(b) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with the term "net position".

(c) The City implemented the provisions of GASB Statement No. 68 in fiscal year 2015. Years prior to 2015 have not been restated.

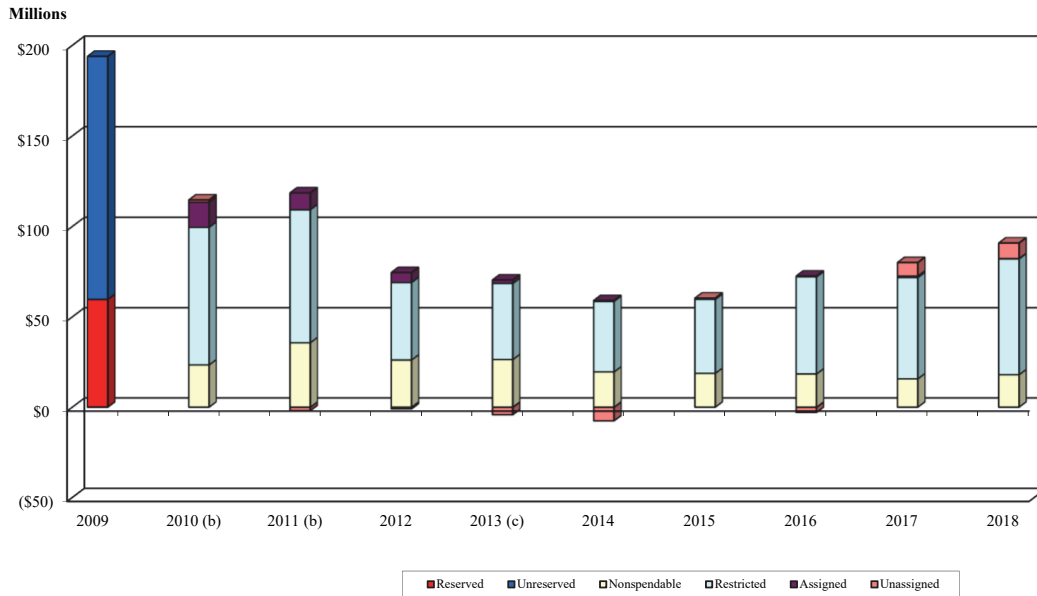
(d) The City implemented the provisions of GASB Statement No. 75 in fiscal year 2018. Years prior to 2018 have not been restated.

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Fiscal Year Ended June 30				
2014	2015 (c)	2016	2017	2018 (d)
\$36,119,297	\$28,879,074	\$32,197,941	\$34,851,005	\$45,715,329
102,664,551	102,732,652	107,380,286	104,919,259	114,932,219
46,403,830	43,363,799	44,410,102	41,558,084	48,617,290
4,618,101	4,771,875	5,003,045	3,290,142	4,589,328
10,808,931	10,492,020	11,021,226	10,996,526	14,280,985
1,984,908	2,751,290	2,051,898	7,449,423	3,442,239
19,439,248	17,219,905	18,902,831	16,387,887	16,127,479
222,038,866	210,210,615	220,967,329	219,452,326	247,704,869
29,771,151	28,049,474	26,385,133	26,241,916	30,978,813
9,530,693	9,923,282	11,132,997	10,102,104	10,257,553
253,190	235,054	237,129	230,621	327,442
16,298,623	15,965,608	16,446,626	17,720,735	21,696,370
3,210,678	3,282,406	2,465,929	2,320,723	1,661,808
890,846	948,426	2,114,436	1,028,185	1,697,155
59,955,181	58,404,250	58,782,250	57,644,284	66,619,141
\$281,994,047	\$268,614,865	\$279,749,579	\$277,096,610	\$314,324,010
\$16,917,113	\$11,107,654	\$12,468,525	\$15,543,381	\$16,838,782
6,217,749	10,466,292	7,271,472	8,932,212	8,147,458
4,160,804	3,609,577	3,936,242	4,796,586	6,529,172
405,404	1,385,689	1,069,767	615,388	1,748,222
584,475	475,091	1,128,267	1,252,192	1,545,399
		42,040		1,878,958
8,434,018	9,231,039	20,994,534	16,083,370	20,556,989
34,530,908	21,097,186	17,534,992	14,008,833	10,471,376
71,250,471	57,372,528	64,445,839	61,231,962	67,716,356
2,638,834	1,917,602	1,851,337	3,067,020	1,740,399
10,201,751	9,480,367	10,581,419	10,182,777	10,580,246
456,956	488,201	517,108	540,567	537,438
18,569,191	19,033,406	19,757,863	20,767,925	22,447,439
1,869,064	1,845,648	1,966,537	1,992,758	2,068,110
1,228,864	1,376,194	1,320,486	1,339,104	1,281,952
21,953,401	22,112,391	21,951,328	22,636,922	26,098,804
1,673,398	2,189,724	2,155,686	969,910	1,155,536
58,591,459	58,443,533	60,101,764	61,496,983	65,909,924
\$129,841,930	\$115,816,061	\$124,547,603	\$122,728,945	\$133,626,280
(\$150,788,395)	(\$152,838,087)	(\$156,521,490)	(\$158,220,364)	(\$179,988,513)
(1,363,722)	39,283	1,319,514	3,852,699	(709,217)
(\$152,152,117)	(\$152,798,804)	(\$155,201,976)	(\$154,367,665)	(\$180,697,730)
\$42,226,820	\$45,129,392	\$51,302,638	\$56,588,547	59,441,796
29,627,711	33,155,376	40,877,125	41,620,189	44,474,973
48,033,706	48,299,958	43,365,249	44,966,489	46,079,755
3,461,473	4,818,936	6,187,096	7,452,985	6,486,347
3,592,218	5,099,511	5,734,802	5,329,465	6,144,968
(1,164,987)	(4,752,198)	1,198,266	12,230,256	7,000,785
	1,806,532	43,312	49,448	58,842
3,229,898	2,151,042	4,258,061	5,138,724	4,195,794
174,874	268,927	262,667	64,651	39,226
998,839	954,202	915,860	885,938	
	178,487	600,000	86,778	86,778
		(16,321,171)		
		14,968,712		1,208,259
130,180,552	137,110,165	153,392,617	174,413,470	175,217,523
(185,246)	(563,129)	(3,076,857)	3,548,826	3,431,293
		(14,510,000)		
	(178,487)	(600,000)	(86,778)	(86,778)
1,359,929				
1,174,683	(741,616)	(18,186,857)	3,462,048	3,344,515
\$131,355,235	\$136,368,549	\$135,205,760	\$177,875,518	\$178,562,038
(\$20,607,843)	(\$15,727,922)	(\$3,128,873)	\$16,193,106	(\$4,770,990)
(189,039)	(702,333)	(16,867,343)	7,314,747	2,635,298
(\$20,796,882)	(\$16,430,255)	(\$19,996,216)	\$23,507,853	(\$2,135,692)

ITEM F-5 ATTACHMENT 2

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



	Fiscal Year Ended June 30									
	2009	2010 (b)	2011 (b)	2012	2013 (c)	2014	2015	2016	2017	2018
General Fund										
Reserved	\$24,682,489									
Unreserved	20,855,189									
Nonspendable		\$23,360,596	\$28,021,103	\$25,944,325	\$26,366,829	\$19,505,987	\$18,708,682	\$18,404,669	\$15,697,680	\$17,967,653
Assigned		1,009,480	380,999	377,181	219,646	56,786	23,934	4,460	10,013	72,506
Unassigned		14,836,337	12,077,471	11,036,847	10,238,862	7,979,055	9,949,120	10,988,266	19,709,197	17,590,764
Total General Fund	<u>\$45,537,678</u>	<u>\$39,206,413</u>	<u>\$40,479,573</u>	<u>\$37,358,353</u>	<u>\$36,825,337</u>	<u>\$27,541,828</u>	<u>\$28,681,736</u>	<u>\$29,397,395</u>	<u>\$35,416,890</u>	<u>\$35,630,923</u> (a)
All Other Governmental Funds										
Reserved	\$34,982,192									
Unreserved, reported in:										
Special revenue funds	10,128,026									
Debt service funds	26,219,974									
Capital project funds	77,066,114									
Nonspendable		\$19,160	\$7,666,605	\$174,067			\$484	\$550		
Restricted		76,120,393	73,538,765	42,888,150	\$42,117,459	\$39,066,351	41,017,602	53,752,247	\$56,052,014	\$64,125,353
Assigned		12,925,706	8,925,705	5,147,506	1,734,260	428,766	430,083	431,867	782,617	43,906
Unassigned		(13,673,750)	(13,944,936)	(11,929,833)	(14,357,112)	(15,499,990)	(9,755,130)	(13,824,433)	(12,190,388)	(8,939,781)
Total all other governmental funds	<u>\$148,396,306</u>	<u>\$75,391,509</u>	<u>\$76,186,139</u>	<u>\$36,279,890</u>	<u>\$29,494,607</u>	<u>\$23,995,127</u>	<u>\$31,693,039</u>	<u>\$40,360,231</u>	<u>\$44,644,243</u>	<u>\$55,229,478</u> (a)

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) The City implemented the provisions of GASB Statement 54 in fiscal year 2010, and years prior to 2009 have not been restated to conform with the new regulations.
- (c) Balance was restated in fiscal year 2014. Years prior to 2013 have not been restated.

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ITEM F-5 ATTACHMENT 2

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

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Revenues					
Property taxes	\$79,047,050	\$63,858,143	\$57,113,666	\$51,964,005	\$48,518,328
Sales taxes	27,922,698	25,000,182	23,025,923	27,788,339	29,865,548
Utility user fees	48,953,004	40,298,719	50,007,806	50,984,315	48,398,349
Other taxes	7,959,683	6,092,050	7,824,181	6,550,828	6,247,352
Licenses, permits and fees	6,415,896	7,598,407	7,495,563	9,393,833	11,830,426
Developer revenue sharing	51,767	138,454	101,739	55,958	
Fines, forfeitures and penalties	359,870	481,264	474,889	536,510	617,509
Use of money and property	5,278,605	1,849,884	1,031,746	932,393	557,936
Intergovernmental	15,753,684	21,627,513	38,605,526	36,121,561	19,995,922
Private grants					
Charges for services	5,585,383	8,517,238	9,425,484	9,204,016	9,350,051
Pension stabilization revenue	5,292,746	2,728,314	2,728,314	2,544,175	2,549,922
Rent	312,096	766,017	960,661	793,144	681,141
Other	11,685,170	4,766,408	6,686,908	7,142,854	2,703,133
Total Revenues	214,617,652	183,722,593	205,482,406	204,011,931	181,315,617
Expenditures					
Current:					
General government	19,044,304	14,412,971	15,053,928	30,303,614	33,251,610
Public safety	93,507,626	95,989,053	94,269,101	87,286,248	87,573,539
Public works	20,513,373	20,997,847	23,144,011	25,555,928	26,065,996
Community development	4,334,599	7,692,545	7,655,697	5,643,542	4,709,478
Cultural and recreational	16,796,528	15,137,648	14,559,213	12,183,399	11,175,362
Housing and redevelopment	22,049,876	12,098,783	11,767,304	6,267,418	3,089,640
SERAF		10,118,826	2,083,288		
Capital outlay	80,466,151	25,142,692	27,189,722	28,721,772	15,704,486
Debt service:					
Principal repayment	9,684,582	171,714,191	14,879,506	14,312,544	8,691,629
Interest and fiscal charges	14,038,265	21,418,597	14,559,340	11,393,091	7,504,922
Swap termination payment					
Total Expenditures	280,435,304	394,723,153	225,161,110	221,667,556	197,766,662
Excess (deficiency) of revenues over (under) expenditures	(65,817,652)	(211,000,560)	(19,678,704)	(17,655,625)	(16,451,045)
Other Financing Sources (Uses)					
Transfers in	79,414,731	49,963,245	62,507,821	38,456,022	21,145,031
Transfers out	(80,148,188)	(43,560,606)	(55,482,457)	(33,437,663)	(19,666,470)
Sale of property	5,040,000	23,300		188,489	53,618
Payment to refund bond escrow agent					
Issuance of long-term debt		121,076,391	14,721,130	3,214,243	2,621,558
Bond issuance premium				109,701	106,740
Total other financing sources (uses)	4,306,543	127,502,330	21,746,494	8,530,792	4,260,477
Special and Extraordinary Items					
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency				(33,902,636) (b)	
Transfer of loans to housing successor					
Interfund advance restructuring					745,119
Total Special and Extraordinary Items				(33,902,636)	745,119
Net Change in fund balances	(\$61,511,109)	(\$83,498,230)	\$2,067,790	(\$43,027,469)	(\$11,445,449)
Debt service as a percentage of noncapital expenditures	11.1%	51.9%	14.5%	12.3%	8.7%

NOTE:

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

(b) The Redevelopment Agency was dissolved effective January 31, 2012 and its net assets transferred to a Successor Agency.

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Fiscal Year Ended June 30,				
2014	2015	2016	2017	2018
\$43,559,305	\$46,498,061	\$52,714,540	\$58,042,766	\$60,963,189
29,627,711	33,131,486	40,877,125	41,620,189	44,474,973
48,033,706	48,299,958	43,365,249	44,966,489	46,079,755
7,053,691	9,918,447	11,628,519	12,566,579	12,413,127
7,713,634	12,409,625	12,235,483	16,577,695	21,552,883
821,411	1,353,518	901,838	1,065,421	1,001,927
153,958	225,529	212,787	422,324	746,525
17,078,035	19,228,997	14,440,543	19,913,858	20,137,593
		12,971,138	5,000,000	9,000,000
20,022,968	13,607,840	13,462,270	15,947,909	17,045,201
998,839	954,202	915,860	885,938	
708,626	809,113	768,753	839,821	852,940
2,845,117	1,977,688	4,300,150	5,472,719	4,418,779
178,617,001	188,414,464	208,794,255	223,321,708	238,686,892
32,005,878	29,786,089	31,819,369	36,973,645	44,009,256
91,676,955	90,219,981	94,774,545	95,479,682	96,546,035
26,363,885	25,806,437	25,690,663	30,327,553	35,016,495
4,357,885	4,586,333	4,843,687	6,374,607	8,057,638
10,223,708	10,021,481	10,551,337	10,786,216	11,347,436
2,266,265	2,625,533	3,038,135	7,672,540	1,942,637
14,365,888	8,178,649	8,566,563	3,667,134	10,000,595
6,775,769	7,842,830	9,148,909	9,966,416	11,032,933
10,989,996	13,407,604	12,503,442	11,471,169	10,785,342
		28,554,000		
199,026,229	192,474,937	229,490,650	212,718,962	228,738,367
(20,409,228)	(4,060,473)	(20,696,395)	10,602,746	9,948,525
20,145,264	12,879,975	12,124,166	18,770,780	14,472,164
(20,859,344)	(13,815,569)	(12,091,206)	(19,251,041)	(14,868,906)
174,874	268,927	262,667	181,022	39,226
6,165,445	11,175,436	28,390,000		
	82,880	1,393,619		
5,626,239	10,591,649	30,079,246	(299,239)	(357,516)
				1,208,259
				1,208,259
(\$14,782,989)	\$6,531,176	\$9,382,851	\$10,303,507	\$10,799,268
9.4%	11.4%	22.6%	10.3%	10.0%

ITEM F-5 ATTACHMENT 2

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
ASSESSED VALUE ⁽¹⁾										
Land	\$4,498,812	\$3,541,992	\$3,427,021	\$3,329,164	\$3,216,147	\$3,218,339	\$3,781,609	\$4,186,239	\$4,520,312	\$4,946,654
Improvements	8,995,536	8,071,718	6,721,515	7,413,276	9,268,934	7,181,567	8,187,280	8,683,770	9,216,704	9,400,903
Total Real Property	13,494,348	11,613,710	10,148,536	10,742,440	12,485,081	10,399,906	11,968,889	12,870,009	13,737,016	14,347,557
Personal Property	632,670	683,995	671,258	681,204	795,573	53,195	460,661	669,634	585,832	\$589,457
TOTAL	\$14,127,018	\$12,297,705	\$10,819,794	\$11,423,644	\$13,280,654	\$10,453,101	\$12,429,550	\$13,539,643	\$14,322,848	\$14,937,014
EXEMPTIONS ⁽²⁾										
Homeowners ^(a)	\$113,296	\$111,793	\$110,280	\$107,571	\$104,144	\$100,680	\$98,456	\$96,539	\$95,052	\$94,266
Other ^(b)	364,531	432,140	473,917	495,344	519,976	527,179	587,350	641,475	688,713	760,841
TOTAL	\$477,827	\$543,933	\$584,197	\$602,915	\$624,120	\$627,859	\$685,806	\$738,014	\$783,765	\$855,107
ASSESSED VALUE										
(Net of Exemptions)	\$13,649,191	\$11,753,772	\$10,235,597	\$10,820,729	\$12,656,534	\$9,825,242	\$11,743,744	\$12,801,629	\$13,539,083	\$14,081,907
Less: Redevelopment Tax Increments ⁽³⁾	2,404,325	1,736,546	1,594,287	1,578,082	1,558,233	1,595,033	1,799,831	2,055,811	2,248,742	2,567,061
NET ASSESSED VALUE	\$11,244,866	\$10,017,226	\$8,641,310	\$9,242,647	\$11,098,301	\$8,230,209	\$9,943,913	\$10,745,818	\$11,290,341	\$11,514,846
NET INCREASE (DECREASE)	\$787,429	(\$1,227,640)	(\$1,375,916)	\$601,337	\$1,855,654	(\$2,868,092)	\$1,713,704	\$801,905	\$544,523	\$224,505
% OF INCREASE (DECREASE)	7.53%	-10.92%	-13.74%	6.96%	20.08%	-25.84%	20.82%	8.06%	5.07%	1.99%
Total Direct Tax Rate ⁽⁴⁾	0.43216%	0.40770%	0.41395%	0.40618%	0.38653%	0.41948%	0.41930%	0.43781%	0.43675%	0.43591%

⁽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. The City of Richmond encompasses more than 92 tax rate areas. See Property Tax Rates statistics for additional information.

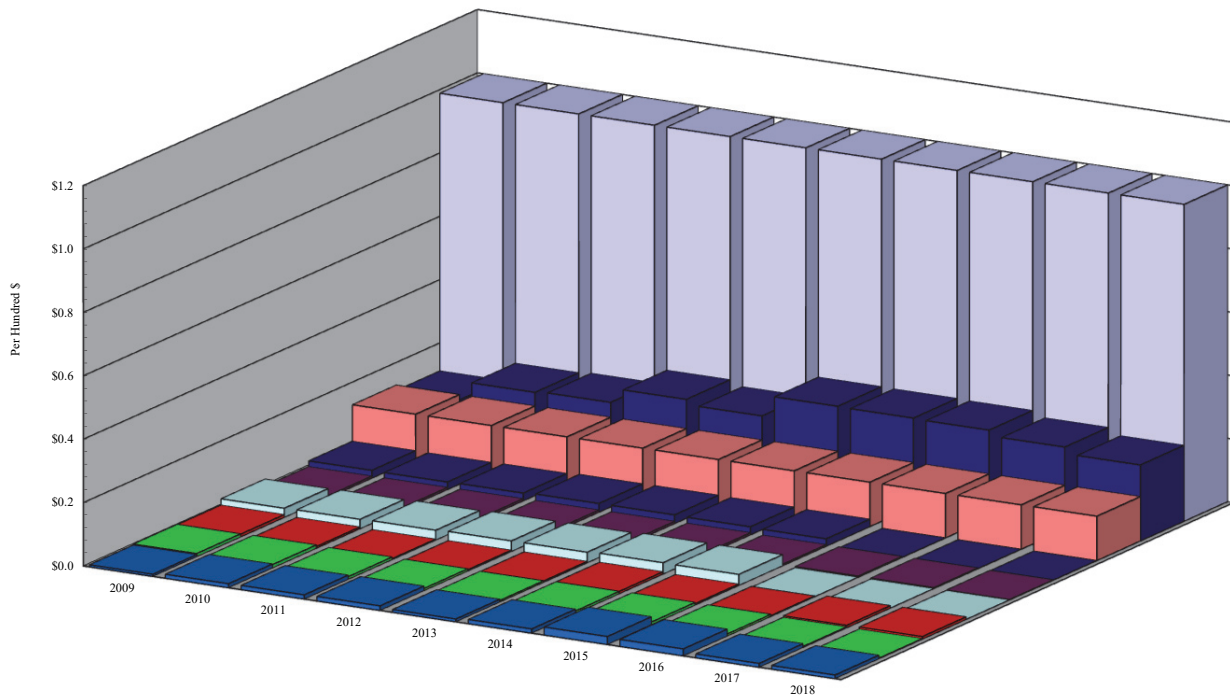
Source: County of Contra Costa, Office of the Auditor-Controller
HdL reports

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ITEM F-5 ATTACHMENT 2

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



Fiscal Year	Basic County Wide Levy (1)	City of Richmond 1981 Pension Liability (2)	BART	East Bay Regional Parks District	Acalanes Union	East Bay MUD Dist. 1 Bond	Orinda Elementary	West Contra Costa Unified	Contra Costa Community College	Total Direct & Overlapping Tax Rates (3)
2009	\$1.00000	\$0.14000	\$0.00900	\$0.01000	\$0.02890	\$0.00640	\$0.02470	\$0.12300	\$0.00660	\$1.34860
2010	1.00000	0.14000	0.00570	0.01080	0.02980	0.00650	0.02360	0.18280	0.01260	1.41180
2011	1.00000	0.14000	0.00310	0.00840	0.03110	0.00670	0.02440	0.18690	0.01330	1.41390
2012	1.00000	0.14000	0.00410	0.00710	0.03330	0.00670	0.02740	0.23220	0.01440	1.46520
2013	1.00000	0.14000	0.00430	0.00510	0.03330	0.00680	0.02730	0.21570	0.00870	1.44120
2014	1.00000	0.14000	0.00750	0.00780	0.03610	0.00660	0.02550	0.28180	0.01330	1.51860
2015	1.00000	0.14000	0.00450	0.00850	0.03500	0.00470	0.02320	0.28030	0.02520	1.52140
2016	1.00000	0.14000	0.00260	0.00670	0.00000	0.00340	0.00000	0.27810	0.02200	1.45280
2017	1.00000	0.14000	0.00800	0.00320	0.00000	0.00280	0.00000	0.26040	0.01200	1.42640
2018	1.00000	0.14000	0.00840	0.00210	0.00000	0.00110	0.00000	0.23970	0.01140	1.40270

NOTES:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Voter approved debt.
- (3) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (4) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest next taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- (5) RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California state statute. RDA direct and overlapping rates are applied only to the incremental property values.
- (6) Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes the rates reported, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

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

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City's Share of 1% Levy Per Prop 13 (4)	General Obligation Debt Rate	Redevelopment Rate (5)	Total Direct Rate (6)
\$0.28784	\$0.14000	\$1.15000	\$0.43216
0.28784	0.14000	1.15080	0.40770
0.28784	0.14000	1.14840	0.41395
0.28784	0.14000	1.14710	0.40618
0.28784	0.14000	0.00000	0.38653
0.28784	0.14000	0.00000	0.41948
0.28784	0.14000	0.00000	0.41930
0.28784	0.14000	0.00000	0.43781
0.28784	0.14000	0.00000	0.43675
0.28784	0.14000	0.00000	0.43591

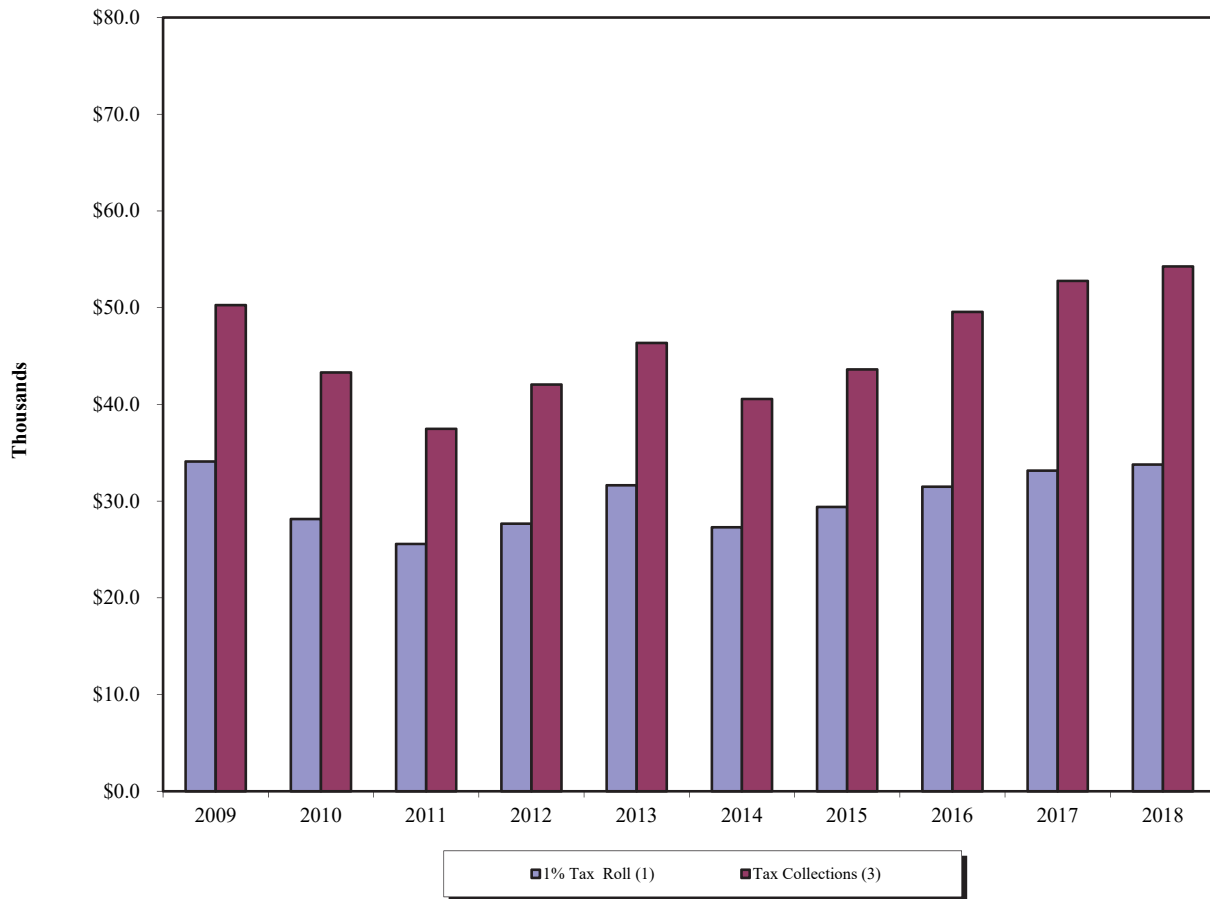
ITEM F-5 ATTACHMENT 2

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

Taxpayer	Type of Business	2017-2018			2008-2009		
		Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA Inc.	Industrial	\$3,458,826,102	1	24.56%	\$3,806,016,395	1	27.88%
Guardian KW Hilltop LLC	Residential	195,893,231	2	1.39%			
LIPT Giant Road Inc.	Industrial	85,200,000	3	0.61%			
Richmond Essex LP	Residential	77,070,899	4	0.55%	67,858,721	6	0.50%
Kaiser Foundation Hospitals	Industrial	71,371,353	5	0.51%			
Western B Northwest California LLC	Industrial	44,676,000	6	0.32%			
KM Phoenix Holdings LLC	Industrial	44,525,532	7	0.32%			
Dicon Fiberoptics INC	Industrial	43,349,741	8	0.31%			
Ford Point LLC	Residential	41,235,340	9	0.29%			
LBG Hilltop	Commercial	41,157,093	10	0.29%			
Lennar Emereald Marina Shores	Industrial				130,136,960	2	0.95%
Richmond Parkway Associates	Commercial				122,770,226	3	0.90%
Bayer healthcare Pharm INC	Industrial				114,423,602	4	0.84%
DDRM Hilltop Plaza LP	Commercial				88,858,116	5	0.65%
Richmond Associates	Commercial				63,726,624	7	0.47%
Crescent Park EAH LP	Residential				48,443,500	8	0.35%
Cherokee Simeon Venture I LLC	Residential				46,837,270	9	0.34%
Foss Maritime Company	Unsecured				45,888,847	10	0.34%
Subtotal		<u>\$4,103,305,291</u>		<u>29.14%</u>	<u>\$4,534,960,261</u>		<u>33.23%</u>
Total Net Assessed Valuation:							
Fiscal Year 2017-2018		\$14,081,907,000					
Fiscal Year 2008-2009		\$13,649,191,000					

Source: Contra Costa County Assessor Fiscal Year Combined Tax Rolls and the SBE Non Unitary Tax Roll

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



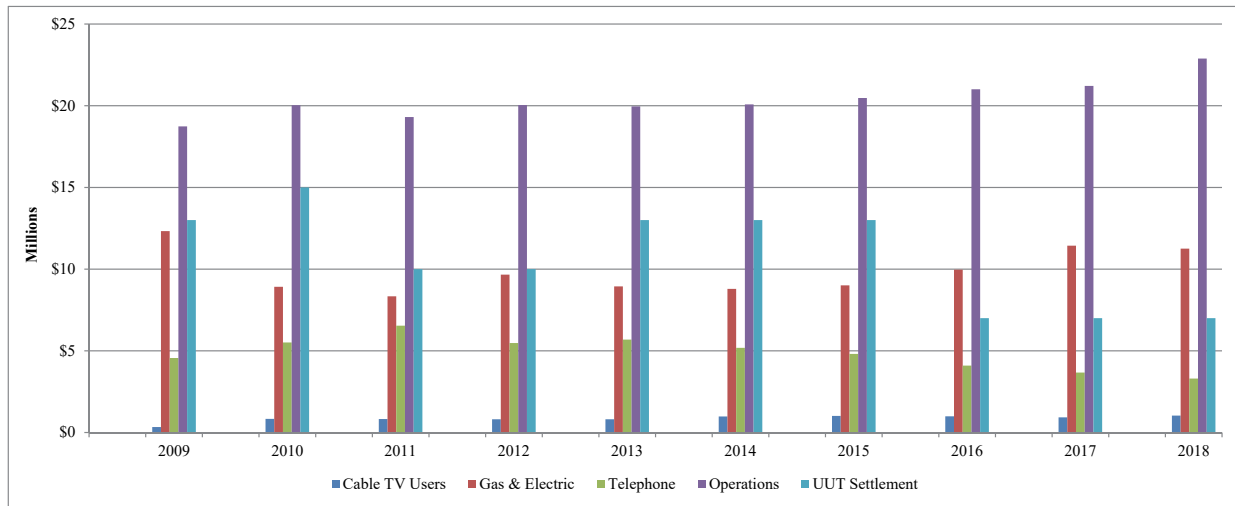
Fiscal Year	1% Tax Roll (1)	Voter Approve Debt Tax Rolls (2)	Total Tax Collections (3)	Percent of Total Tax Collections to Tax Levy
2009	\$34,096	\$16,172	\$50,268	100%
2010	28,147	15,155	43,302	100%
2011	25,573	11,900	37,473	100%
2012	27,669	14,377	42,046	100%
2013	31,638	14,718	46,356	100%
2014	27,289	13,267	40,556	100%
2015	29,392	14,225	43,617	100%
2016	31,490	18,071	49,561	100%
2017	33,152	19,618	52,770	100%
2018	33,780	20,481	54,261	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.

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CITY OF RICHMOND UTILITY USERS TAX COLLECTIONS LAST TEN FISCAL YEARS



	Fiscal Year Ended June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cable TV Users	\$334,347	\$835,226	\$824,723	\$810,755	\$809,972	\$983,465	\$1,016,552	\$988,547	\$924,912	\$1,036,854
Gas & Electric	12,326,977	8,919,561	8,336,362	9,660,557	8,943,183	8,787,715	9,003,928	9,966,642	11,433,006	11,250,415
Telephone	4,558,009	5,510,933	6,539,983	5,473,445	5,688,505	5,183,418	4,807,499	4,093,128	3,668,092	3,300,001
Operations	18,733,671	20,032,999	19,306,738	20,039,558	19,956,689	20,079,108	20,471,979	21,004,080	21,209,540	22,884,443
UUT Settlement	13,000,000	15,000,000	10,000,000	10,000,000	13,000,000	13,000,000	13,000,000	7,000,000	7,000,000	7,000,000
Prepaid Wireless Combined (A)								312,852	730,939	608,042
	<u>\$48,953,004</u>	<u>\$50,298,719</u>	<u>\$45,007,806</u>	<u>\$45,984,315</u>	<u>\$48,398,349</u>	<u>\$48,033,706</u>	<u>\$48,299,958</u>	<u>\$43,365,249</u>	<u>\$44,966,489</u>	<u>\$46,079,755</u>

NOTES:

(A) Components of collections by type are not available, therefore amount represents total UUT collections for the fiscal year, and these amounts have been excluded from the graph

SOURCE: City of Richmond, Finance Department (Revenue)

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**CITY OF RICHMOND
UTILITY USERS TAX DIRECT RATES
ON CHARGES FOR SERVICES
LAST TEN FISCAL YEARS (A)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Cable TV Users	5%	5%	5%	5%
Gas & Electric	10%	10%	10%	10%
Telephone	9.50%	9.50%	9.50%	9.50%
Operations	(B)	(B)	(B)	(B)
UUT Settlement	(C)	(C)	(C)	(C)

NOTES:

- (A) Historical information prior to 2015 is not available.
- (B) Based on the Cap Provision in the City of Richmond Municipal Code
Section 13.52.100 - Maximum Tax Payable of the Richmond Municipal Code.
- (C) Annual amount is per agreement signed by a Major Taxpayer and the City in 2010.

SOURCE: City of Richmond, Finance Department (Revenue)

**CITY OF RICHMOND
TOP TEN UTILITY USERS TAXPAYERS
(ALPHABETICAL ORDER)
Current Year (A)**

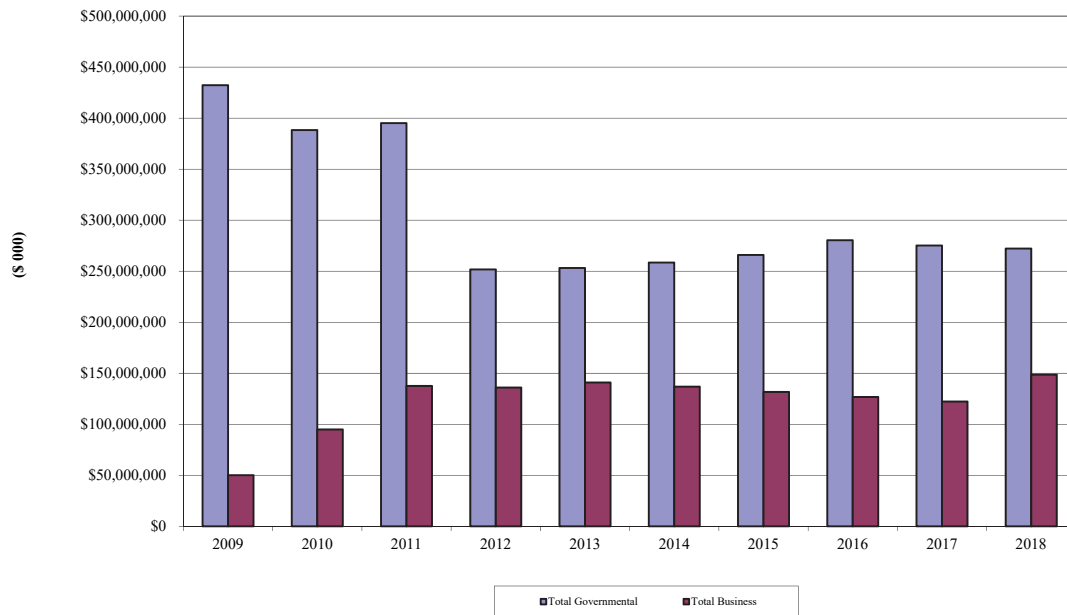
Taxpayer	Type of Business (B)
Chevron	Industrial
PG&E	Utility
Marin Clean Energy	Utility
Comcast	Cable
New Cingular Wireless	Telecommunications
Pacific Bell Telephone Co	Telecommunications
GTE Mobilnet of California LTD	Telecommunications
T-Mobile	Telecommunications
MetroPCS California LLC	Telecommunications
Constellation new Energy	Gas

NOTES:

- (A) Information for 2008 is not available.
- (B) Revenue base information by taxpayer is confidential.

SOURCE: City of Richmond, Finance Department (Revenue)

CITY OF RICHMOND
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



	Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total	
2009	\$165,200,399	\$150,493,392	\$97,750,000	\$10,544,185	\$8,300,966	\$432,288,942	
2010	130,953,999	152,059,727	88,271,545	10,460,463	6,536,310	388,282,044	
2011	125,899,530	153,589,314	87,906,545	20,723,084	7,022,284	395,140,757	
2012	(B)	155,060,554	87,526,545	635,646	(B) 8,523,072	251,745,817	
2013	(B)	156,483,676	87,121,545	1,231,880	8,269,494	253,106,595	
2014	(B)	157,555,624	87,121,545	2,631,887	11,186,685	258,495,741	
2015	(B)	156,491,679	87,121,545	12,970,813	9,295,123	265,879,160	
2016	(B)	155,070,539	115,218,619	2,143,560	7,944,891	280,377,609	
2017	(B)	153,058,033	113,275,266	1,993,820	6,872,843	275,199,962	
2018	(B)	150,485,289	111,241,920	1,844,775	8,650,840	272,222,824	
	Business-Type Activities						
Fiscal Year	Wastewater Revenue Bonds	Port Lease Revenue Bonds	Loans and Notes Payable	Total	Total Primary Government	Percentage of Personal Income (A)	Per Capita (A)
2009	\$41,934,902	\$3,203,312	\$4,971,846	\$50,110,060	\$482,399,002	18.70%	\$4,643
2010	41,416,658	49,015,199	4,501,732	94,933,589	483,215,633	19.08%	4,620
2011	84,893,408	48,683,747	4,016,617	137,593,772	532,734,529	21.12%	5,043
2012	84,246,892	48,252,294	3,516,009	136,015,195	387,761,012	15.26%	3,697
2013	90,096,593 (C)	47,834,187	3,007,372	140,938,152	394,044,747	15.06%	3,733
2014	89,012,056	44,944,399	2,935,889	136,892,344	395,388,085	14.54%	3,725
2015	86,867,520	41,984,610	2,861,189	131,713,319	397,592,479	14.68%	3,737
2016	84,637,983	39,354,875	2,783,127	126,775,985	407,153,594	14.84%	3,689
2017	82,313,447	36,588,791	3,401,553	122,303,791	397,503,753	14.21%	3,556
2018	111,698,772	33,587,707	3,316,308	148,602,787	420,825,611	14.41%	3,765

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

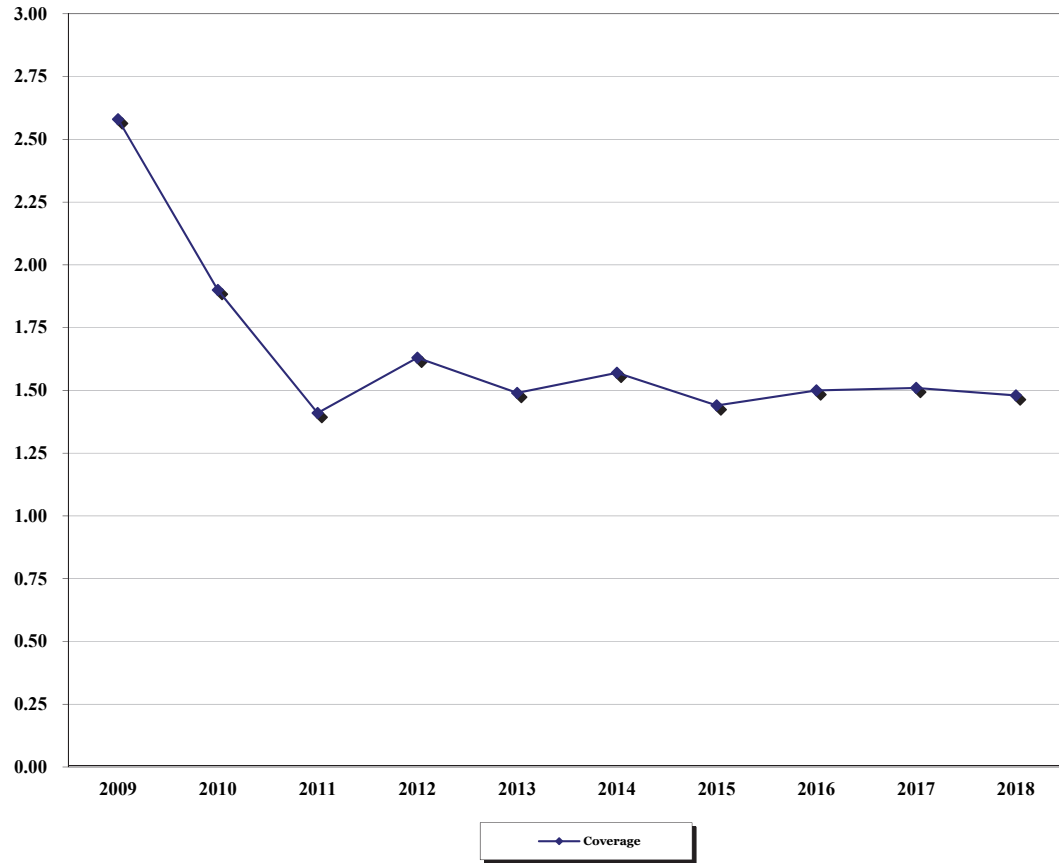
(A) See Demographic Statistics for personal income and population data.

(B) Due to the dissolution of the Redevelopment Agency, the Tax Allocation Bonds and the Loans and Notes Payable that were related to the Redevelopment Agency were transferred to the Successor Agency as of February 1, 2012 and are no longer governmental commitments.

(C) With the implementation of GASB Statement No. 65, the deferred amount on refunding previously reported as a component of the long-term debt balance is not reported as a deferred inflows of resources.

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

**CITY OF RICHMOND
REVENUE BOND COVERAGE
1999, 2006, 2008, 2010A, 2010B and 2017A WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**

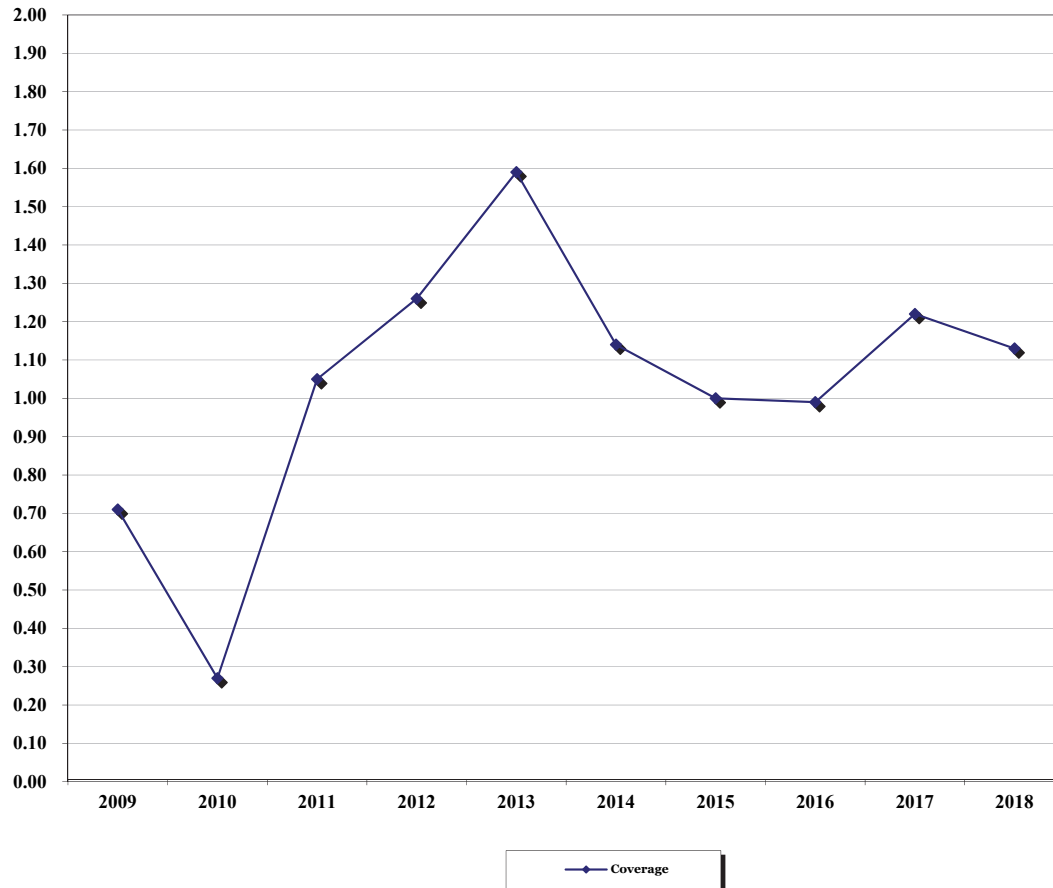


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$14,498,712	\$8,287,431	\$6,211,281		\$2,403,307	\$2,403,307	2.58
2010	16,075,782	10,362,653	5,713,129	\$865,000	2,146,974	3,011,974	1.90
2011	17,399,624	9,154,788	8,244,836	905,000	4,943,042	5,848,042	1.41
2012	17,697,208	8,956,411	8,740,797	975,000	4,399,406	5,374,406	1.63
2013	17,840,042	9,447,236	8,392,806	1,005,000	4,613,635	5,618,635	1.49
2014	18,569,191	9,734,277	8,834,914	1,055,000	4,560,528	5,615,528	1.57
2015	19,098,835	9,524,878	9,573,957	2,115,000	4,536,302	6,651,302	1.44
2016	19,843,677	9,954,037	9,889,640	2,200,000	4,393,375	6,593,375	1.50
2017	20,880,739	10,831,250	10,049,489	2,295,000	4,344,233	6,639,233	1.51
2018	23,752,946	11,885,819	11,867,127	2,400,000	5,599,008	7,999,008	1.48

- Notes: (1) Includes all Municipal Sewer Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
 (2) Includes all Municipal Sewer Operating Expenses less Depreciation and Pension Expense related to GASB Statement 68.

Source: City of Richmond Annual Financial Statements

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



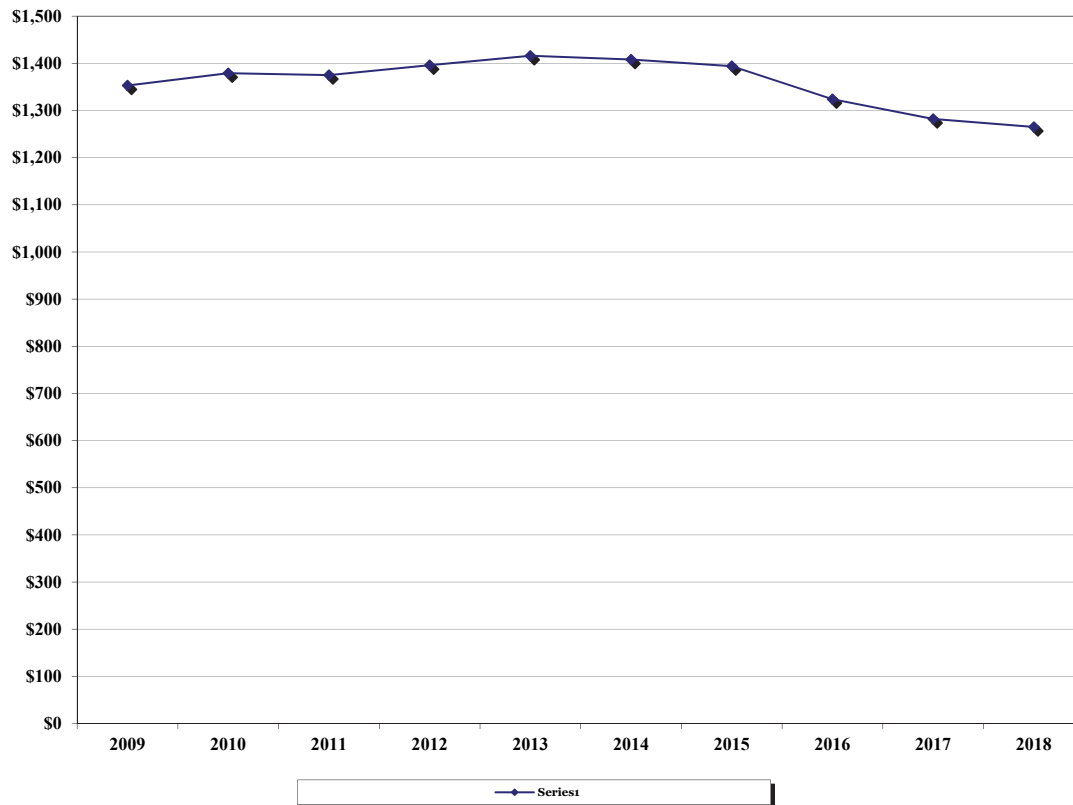
Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	\$5,292,289	\$3,129,349	\$2,162,940	\$2,745,000	\$292,367	\$3,037,367	0.71
2010	4,334,422	3,007,455	1,326,967	3,270,000	1,671,265	4,941,265	0.27
2011	6,357,466	2,035,968	4,321,498	405,000	3,728,541	4,133,541	1.05
2012	7,822,496	2,931,799	4,890,697	505,000	3,381,546	3,886,546	1.26
2013	9,138,193	2,964,060	6,174,133	525,000	3,348,154	3,873,154	1.59
2014	10,280,894	3,189,866	7,091,028	2,955,000	3,255,221	6,210,221	1.14
2015	9,481,315	3,380,916	6,100,399	3,025,000	3,077,165	6,102,165	1.00
2016	10,081,074	4,533,796	5,547,278	2,723,455	2,869,343	5,592,798	0.99
2017	10,194,121	3,522,216	6,671,905	2,830,000	2,641,797	5,471,797	1.22
2018	10,633,233	4,450,592	6,182,641	3,065,000	2,393,977	5,458,977	1.13

- Notes: (1) Includes all Port of Richmond Operating Revenues and Non-operating Interest Revenue excluding Derivative Investment Interest.
(2) Includes all Port of Richmond Operating Expenses, less Depreciation and Pension Expense related to GASB Statement 68.

Source: City of Richmond Annual Financial Statements

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CITY OF RICHMOND GENERAL BONDED DEBT PENSION OBLIGATION BONDS (1) LAST TEN FISCAL YEARS

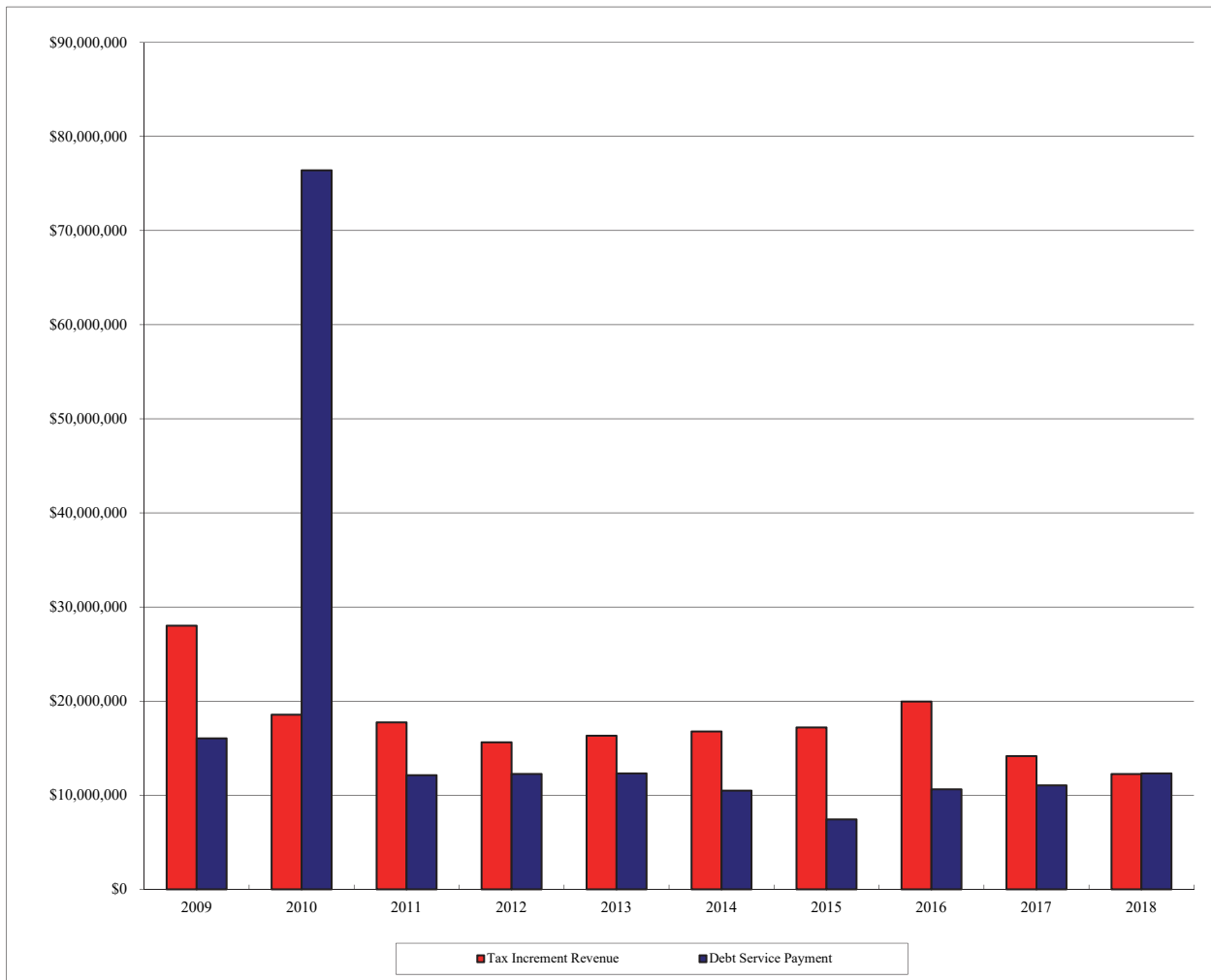


Fiscal Year	Bonds Outstanding	Restricted Cash and Investments (2)	Net Bonds Outstanding	Net Assessed Value of Property	Ratio of General Bonded Debt to Net Assessed Value of Property	Net General Bonded Debt per Capita
2009	\$150,493,392	\$9,916,755	\$140,576,637	\$11,244,866,000	1.25%	1,353
2010	152,059,727	7,841,951	144,217,776	10,017,226,000	1.44%	1,379
2011	153,589,314	8,314,362	145,274,952	8,641,310,346	1.68%	1,375
2012	155,060,554	8,617,952	146,442,602	9,242,647,000	1.58%	1,396
2013	156,483,676	7,054,942	149,428,734	11,098,301,000	1.35%	1,416
2014	157,555,624	8,089,647	149,465,977	8,230,209,000	1.82%	1,408
2015	156,491,679	8,148,121	148,343,558	9,943,913,000	1.49%	1,394
2016	155,070,539	8,936,523	146,134,016	10,745,818,000	1.36%	1,324
2017	153,058,033	9,777,863	143,280,170	11,290,341,000	1.27%	1,282
2018	150,485,289	9,075,692	141,409,597	11,514,846,000	1.23%	1,265

Note: (1) Includes the 1999 Bonds issued in fiscal year 2000, and the 2005 Bonds issued in fiscal year 2006.
(2) Restricted cash is being held with the City's fiscal agent, Union Bank, and is restricted for the payment of the bonds.

Source: City of Richmond Annual Financial Statements

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



Fiscal Year	Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2009	\$28,012,195	\$6,450,000	\$9,589,715	\$16,039,715	1.75
2010	18,559,284	69,170,000 (2)	7,220,349	76,390,349	0.24
2011	17,743,295	6,225,000	5,905,703	12,130,703	1.46
2012	15,619,530 (3) (4)	6,285,000	5,972,529	12,257,529	1.27
2013	16,320,481 (4)	6,565,000	5,754,825	12,319,825	1.32
2014	16,776,169 (4)	5,030,000	5,461,989	10,491,989	1.60
2015	17,206,306 (4)	2,930,000	4,500,409	7,430,409	2.32
2016	19,953,198 (4)	6,180,000	4,445,674	10,625,674	1.88
2017	14,156,746 (4)	6,395,000	4,653,678	11,048,678	1.28
2018	12,255,069 (4)	7,575,000	4,746,564	12,321,564	0.99

Note: (1) Includes the 1991, 1998, 2000, 2003, 2004, 2007, 2010 and 2014 Bonds.
(2) Includes current refunding of the 2007 Bonds of \$64,275,000.
(3) The Redevelopment Agency was dissolved effective January 31, 2012, and its liabilities were assumed by a Successor Agency. Amounts reported here include tax revenue and debt service of both the former Redevelopment Agency and the Successor Agency.
(4) Beginning in fiscal year 2012, tax increment reported in this table is the amount calculated by the County Auditor-Controller. Under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations.

Source: City of Richmond Annual Financial Statements

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND COMPUTATION OF DIRECT AND OVERLAPPING DEBT JUNE 30, 2018

2017-2018 Assessed Valuation: \$14,081,907,000

	Total Debt June 30, 2018	% Applicable (1)	City's Share of Debt June 30, 2018
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Bay Area Rapid Transit District	\$837,820,000	2.038%	\$17,074,772
Contra Costa Community College District	403,600,000	7.374%	29,761,464
West Contra Costa Unified School District	1,149,663,353	47.344%	544,296,618
West Contra Costa Healthcare District Parcel Tax Obligations	54,635,000	44.219%	24,159,051
East Bay Regional Park District	187,800,000	3.186%	5,983,308
City of Richmond Community Facilities District No. 1998-1	2,535,000	100%	2,535,000
City of Richmond 1915 Act Bonds	8,965,000	100%	8,965,000
California Statewide Community Development Authority 1915 Act Bonds	1,692,414	100%	1,692,414
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			634,467,627
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	\$291,777,297	7.348%	\$21,439,796
Contra Costa County Pension Obligation Bonds	155,880,000	7.348%	11,454,062
Alameda-Contra Costa Transit District Certificates of Participation	13,795,000	6.110%	842,875
Contra Costa Community College District Certificates of Participation	330,000	7.374%	24,334
West Contra Costa Unified School District Certificates of Participation	10,145,000	47.344%	4,803,049
City of Richmond General Fund Obligations	143,725,000	100%	143,725,000
City of Richmond Pension Obligations Bonds	81,519,953	100%	81,519,953
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			263,809,069
Less: Contra Costa County general fund obligations supported by revenue funds			8,449,424
City of Richmond obligations supported by port revenues			33,750,000
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$221,609,645
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$73,063,530	100%	\$73,063,530
TOTAL GROSS DIRECT DEBT			\$225,244,953
TOTAL NET DIRECT DEBT			\$191,494,953
TOTAL GROSS OVERLAPPING DEBT			\$746,095,273
TOTAL NET OVERLAPPING DEBT			\$737,645,849
GROSS COMBINED TOTAL DEBT			\$971,340,226 (2)
NET COMBINED TOTAL DEBT			\$929,140,802
Ratios to 2017-18 Assessed Valuation:			
Total Net Overlapping Tax and Assessment Debt	4.51%		
Ratios to Adjusted Assessed Valuation:			
Gross Combined Direct Debt (\$225,244,953)	1.60%		
Net Combined Direct Debt (\$191,494,953)	1.36%		
Combined Total Debt	6.90%		
Net Combined Total Debt	6.60%		
Ratios to Successor Agency Redevelopment Incremental Valuation (\$2,567,060,724):			
Total Overlapping Tax Increment Debt	2.85%		

Source: HdL Coren & Cone, Contra Costa County Assessor and Auditor, City of Richmond Finance Department

**CITY OF RICHMOND
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2018**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$14,081,907,000

BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	\$528,071,513

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	\$528,071,513

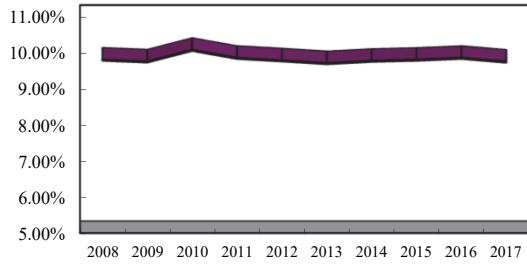
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2009	\$511,844,663	\$0	\$511,844,663	0.00%
2010	440,766,450	0	440,766,450	0.00%
2011	383,834,888	0	383,834,888	0.00%
2012	405,777,338	0	405,777,338	0.00%
2013	474,620,025	0	474,620,025	0.00%
2014	368,446,575	0	368,446,575	0.00%
2015	440,390,400	0	440,390,400	0.00%
2016	480,061,088	0	480,061,088	0.00%
2017	507,715,613	0	507,715,613	0.00%
2018	528,071,513	0	528,071,513	0.00%

NOTE:

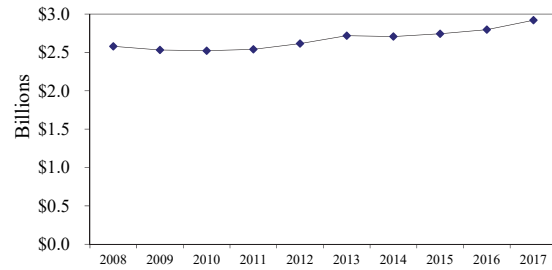
- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of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

ITEM F-5 ATTACHMENT 2

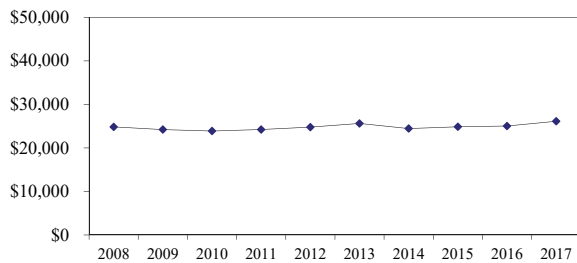
CITY OF RICHMOND DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN CALENDAR YEARS



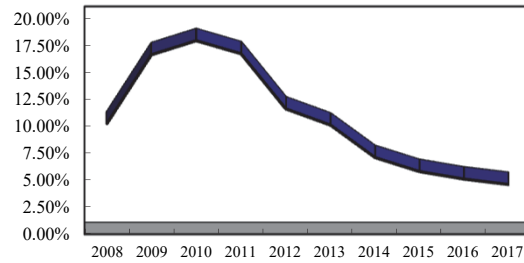
■ City Population % of County Population



◆ Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate

Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2008	103,895	\$2,579,939,000	\$24,832	10.2%	1,060,435	9.80%
2009	104,602	2,532,776,000	24,213	16.6%	1,073,055	9.75%
2010	105,630	2,522,550,000	23,881	17.9%	1,049,025	10.07%
2011	104,887	2,540,888,000	24,225	16.7%	1,065,117	9.85%
2012	105,562	2,615,932,000	24,781	11.6%	1,079,597	9.78%
2013	106,138	2,718,619,000	25,614	10.1%	1,094,205	9.70%
2014	106,388	2,707,894,000	24,453	7.1%	1,089,291	9.77%
2015	110,378	2,743,560,000	24,856	5.8%	1,126,745	9.80%
2016	111,785	2,797,360,000	25,024	5.1%	1,135,127	9.85%
2017	111,785	2,920,370,000	26,124	4.6%	1,147,439	9.74%

Source: HdL, Coren & Cone

ITEM F-5 ATTACHMENT 2

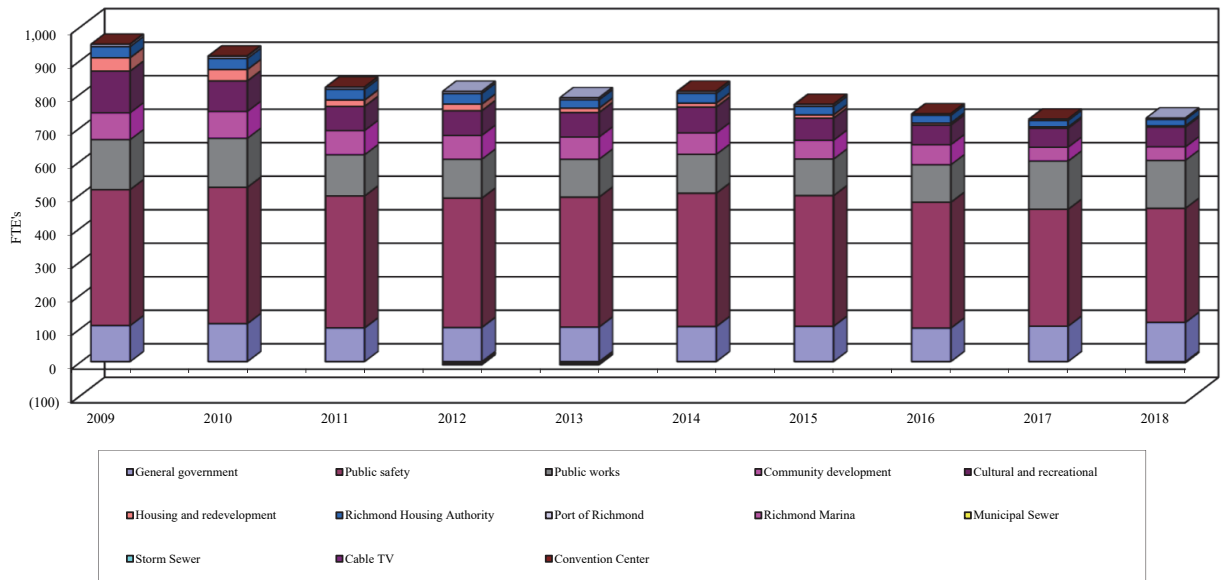
CITY OF RICHMOND Principal Employers Current Year and Nine Years Ago

<u>Employer</u>	<u>2017-2018</u>			<u>2008-2009</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Chevron Refinery	3,510	1	3.6%	2,461	1	2.5%
West Contra Costa Unified School District	1,658	2	1.7%			
Social Security Administration	1,259	3	1.3%			
Blue Apron, Inc.	1,200	4	1.2%			
U.S. Postal Service	1,047	5	1.1%			
City of Richmond	888	6	0.9%			
Contra Costa County	844	7	0.9%			
Kaiser Foundation Hospitals	805	8	0.8%			
Costco Wholesale #482	431	9	0.4%	278	4	0.3%
Sunpower Corporation	291	10	0.3%			
The Permanente Medical Group				786	2	0.8%
Wal-Mart Store 3455				350	3	0.4%
California Autism Foundation, Inc.				250	5	0.3%
Macy's Hilltop				242	6	0.2%
The Home Depot #643				209	7	0.2%
Veriflo Division				185	8	0.2%
Sealy Mattress Co.				184	9	0.2%
TPMG Regional Laboratory				176	10	0.2%
Subtotal	<u>11,933</u>		<u>12.1%</u>	<u>5,121</u>		<u>5.3%</u>
Total City Day Population	<u>98,760</u>			<u>97,391</u>		

Source: City of Richmond Community Development Department

ITEM F-5 ATTACHMENT 2

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



Adopted for Fiscal Year Ended June 30										
Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	107.2	113.2	100.2	101.7	102.9	104.4	105.2	99.8	105.4	116.5
Public safety	406.0	407.0	394.0	386.0	388.0	398.0	390.0	375.5	349.0	341.0
Public works	149.0	146.0	123.0	116.0	113.0	116.0	109.0	112.0	144.0	143.0
Community development	80.0	80.0	72.0	71.0	66.0	64.0	56.0	59.5	41.0	40.0
Cultural and recreational	124.4	91.2	72.2	73.8	73.2	76.8	66.0	59.0	57.0	59.1
Housing and redevelopment	40.0	34.0	19.0	19.6	13.0	12.0	10.0	5.9	3.8	3.8
Richmond Housing Authority and RHA Properties	33.0	33.0	32.0	32.0	25.0	29.0	25.0	23.0	19.0	19.0
Port of Richmond	7.0	7.0	6.0	6.0	6.0	6.0	6.0	4.0	4.0	4.0
Richmond Marina	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Municipal Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Storm Sewer	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Cable TV	(1)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Convention Center	(2)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Total	946.6	911.4	818.4	806.1	787.1	806.2	767.2	738.7	723.2	726.4

Source: City of Richmond Budget

Notes:

- (1) These services are provided by outside contractors.
- (2) Convention Center closed during renovation and staff moved under cultural and recreational.
- (3) Staff that perform these functions are included under General Government and Cultural and Recreational.

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety:										
Fire:										
Fire calls for service	9,861	11,723	12,237	12,770	12,868	12,988	13,670	14,497	14,372	14,375
Primary fire inspections conducted	6,201	5,752	5,055	1,071	2,716	3,000	1,569	1,134	1,160	5,378
Number of firefighters	98	109	83	85	93	85	94	91	90	91
Number of firefighters and civilians per thousand population	1.1	1.0	1.2	0.8	0.8	0.8	0.8	0.8	0.8	0.1
Police:										
Number of police officers per thousand population	1.7	1.9	1.7	1.8	1.8	1.7	1.8	1.7	1.6	1.6
Number of sworn officers	176	200	188	191	195	186	196	185	182	178
Water										
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	250	250

Source: City of Richmond

ITEM F-5 ATTACHMENT 2

CITY OF RICHMOND Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function/Program										
Public safety:										
Fire stations	7	7	7	7	7	7	7	7	7	7
Police stations	6	6	4	4	4	4	4	4	4	4
Library (#) of Locations	3	3	3	3	3	3	3	3	3	3
Public works										
Miles of streets	280	280	280	280	280	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	7,000	6,543	8,343	8,543	9,000	9,000
Urban Forest (trees) (a)	40,200	40,757	41,293	41,562	26,000	21,609	22,009	35,620	35,782	36,231
Culture and recreation:										
Community services:										
City parks	55	55	55	55	55	55	55	55	55	55
City parks acreage	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0	510.0
Lawn bowling	1	1	1	1	1	1	1	1	1	1
Recreation centers	8	8	8	8	8	8	8	8	8	8
Auditorium/Theater	1	1	1	1	1	1	1	1	1	1
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Senior centers	2	2	2	2	2	2	2	2	2	2
Headstart centers/day cares	6	6	6	6	6	6	6	6	6	6
Putting green	1	1	1	1	1	1	1	1	1	1
Basketball courts	28	28	28	28	28	28	28	28	28	28
Swimming pools	1	1	2	2	2	2	2	2	2	2
Tennis courts	20	20	20	20	20	20	20	20	20	20
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Cricket fields	2	2	2	2	2	2	2	2	2	2
Water										
Fire hydrants	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153	3,153
Wastewater										
Miles of sanitary sewers	183	183	183	183	183	183	183	183	183	183
Miles of storm sewers	310	310	310	310	310	310	310	310	310	310
Land Area (square miles)	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7	33.7
Miles of waterfront	32	32	32	32	32	32	32	32	32	32

Source: City of Richmond

(a) Trees managed by the City for 2013 to present.

Data Prior to 2013 includes trees managed by other entities, such as East Bay Regional Park District, National Parks and Privately owned.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: In accordance with Section 11.100.060(l) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Board is provided to the City Council. Prior to July 1, the Board is required to hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. To that end, staff members have prepared a proposed budget and fee study for the Rent Board's consideration for adoption.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

- ☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)
- ☒ Public Hearing ☐ Regulation ☐ Other:
- ☐ Contract/Agreement ☐ Rent Board As Whole
- ☐ Grant Application/Acceptance ☐ Claims Filed Against City of Richmond
- ☐ Resolution ☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)

RECOMMENDED ACTION: (1) RECEIVE an update on the Rent Program's collection efforts through the Rent Board's contract with Rash Curtis and Associates; (2) ADOPT proposed Fiscal Year 2020-21 Budget; (3) RECEIVE and APPROVE the Fiscal Year 2020-21 Rental Housing Fee Study; and (4) DIRECT staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure of \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units – Rent Program (Nicolas Traylor/Paige Roosa – 620-6564).

AGENDA ITEM NO:

G-1.



AGENDA REPORT

DATE: May 20, 2020

TO: Chair Maddock and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director

SUBJECT: FISCAL YEAR 2020-21 BUDGET AND FEE STUDY

STATEMENT OF THE ISSUE:

In accordance with Section 11.100.060(I) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Board is provided to the City Council. Prior to July 1, the Board is required to hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. To that end, staff members have prepared a proposed budget and fee study for the Rent Board's consideration for adoption.

RECOMMENDED ACTION:

(1) RECEIVE an update on the Rent Program's collection efforts through the Rent Board's contract with Rash Curtis and Associates; (2) ADOPT proposed Fiscal Year 2020-21 Budget; (3) RECEIVE and APPROVE the Fiscal Year 2020-21 Rental Housing Fee Study; and (4) DIRECT staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure of \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units – Rent Program (Nicolas Traylor/Paige Roosa – 620-6564).

FISCAL IMPACT:

The proposed budget and Rental Housing Fee study for the 2020-21 fiscal year would authorize \$2,896,242 in expenses and \$2,898,951 in revenue. Proposed fees for the 2020-21 fiscal year are \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units.

DISCUSSION:

Collections Update

Attachment 1 contains a summary of the Rent Program's collection efforts through May 1, 2020, through its contract with Rash Curtis and Associates. Between November 2019 and May 2020, a total of seventy (70) accounts have been referred to collections totaling \$237,054 in outstanding Rental Housing Fees. \$47,129 in Rental Housing Fee revenue has been collected as a result of this effort, resulting in a collection rate of approximately twenty percent (20%). While collections efforts are ongoing for accounts that have already been referred to Rash Curtis and Associates, Rent Program staff have paused forwarding additional accounts to collections during the COVID-19 pandemic.

Proposed Fiscal Year 2020-21 Goals

The proposed Fiscal Year 2020-21 budget has been prepared for the Board's consideration in acknowledgement of the following goals in three broad categories: Program Development, Outreach, and Program Sustainability and Compliance.

PROGRAM DEVELOPMENT:

1. **Continue to invest resources in staff training**, particularly for the Rent Program Services Analysts, to ensure staff members are knowledgeable on the requirements of the Rent Ordinance, Rent Board Regulations, and related State and Federal laws.
2. **Continue to implement the formal mediation program** to provide free formal and informal mediation services to Landlords and Tenants as a means of resolving disputes that have a reasonable nexus to the Rent Ordinance through the assistance of a trained mediator.
3. **Continue to develop an online filing system for the submission of Property Enrollment and Tenancy Registration forms**, as well as the filing of rent increase and termination of tenancy notices on the City's e-trakit website.

OUTREACH:

1. **Publicize the Guide to Rent Control in Richmond and develop one-page fact sheets** on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, and the Relocation Ordinance.
2. **Develop a Comprehensive Outreach Plan** that includes, but is not limited to, continuing to bolster our social media presence, producing informational, infographic, and/or testimonial videos to highlight aspects of the Rent Ordinance and services provided by the Rent Program and expanding outreach efforts to

ITEM G-1

local businesses, schools, non-profits, neighborhood councils, and other community stakeholders.

3. **Launch Tenancy Registration Outreach** by beginning to mail out Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), and create a database accessible to the public where community members can research the MAR for a particular rental unit.

PROGRAM SUSTAINABILITY AND COMPLIANCE:

1. **Continue to improve collection of the Rental Housing Fee** (greater than 85% compliance) to build up the Rent Program's reserves
2. **Continue to work collaboratively with other City departments** to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee
3. **Implement more stringent exemption verification processes** to require that claims of non-applicability or exemption are fully investigated and approved or denied by Rent Program staff (or the Rent Board, in the event of an appeal).

Proposed Fiscal Year 2020-21 Budget Summary

The proposed budget for the 2020-21 fiscal year is approximately 1% lower than that adopted in 2019. This is due primarily to decreases in salary costs, as staff turnover will allow for replacements of positions at lower salaries. Management staff members recommend reallocation of two of the Rent Program Services Analyst II positions to Rent Program Services Analyst I positions, which will result in substantial salary savings (\$27,845) and will reduce the need to raise fees to compensate for the loss of nearly 2,000 applicable Rental Units between 2019 and 2020.

The proposed budget of \$2,896,242 would fund expenses in the following categories:

ITEM G-1

Category	Proposed FY 2020-21 Budget
Salaries and Wages	\$1,243,295
Fringe Benefits	\$714,894
Professional and Administrative Services	\$240,116
Cost Pool (Indirect Service Charges, Space at 440 Civic Center Plaza, General Liability)	\$193,532
Other Operating Expenses	\$73,334
Supplemental Liability Insurance Policy (SLIP)	\$8,865
Noncapital Assets – Computer Hardware	\$1,100
Utilities	\$284
17% Operating Reserve	\$420,821
TOTAL	\$2,896,242

Proposed Fiscal Year 2020-21 Rental Housing Fee Study

Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Rent Ordinance”) provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program budget. The amount of the Rental Housing Fee is annually established by the Richmond Rent Board and approved by the City Council.

Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. Those fees must be approved by the City Council, as the legislative body, in public session. Therefore, a fee study is necessary to ensure that the Residential Rental Housing Fee recommended by the Rent Board and charged to Landlords is commensurate to the level of services provided by the Rent Program.

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including, but not limited to:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with a property and rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;

ITEM G-1

- Mileage and attendance at conferences and trainings; and,
- An operating reserve to fund unanticipated costs and variations in collection of the Rental Housing Fee.

Staff members recommend the Board continue to utilize a tiered-fee approach to the Fiscal Year 2019-20 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met.

Table 1 contains the fees corresponding to the proposed Fiscal Year 2020-21 budget.

Table 1. Fiscal Year 2020-21 Proposed Budget and Rental Housing Fees

		Proposed for FY 2020-21	Change from FY 2019-20
TOTAL EXPENDITURES:¹		\$2,896,242	-\$27,342 (-1%)
Fully Covered Units²	7,433	\$219	\$7 (3.3%)
Partially Covered Units (including subsidized units)³	10,251	\$124	\$12 (10.7%)
TOTAL REVENUE⁴:		\$2,898,951	-\$38,257 (-1%)

The proposed Rental Housing Fees represent a 3.3 percent increase for Fully Covered Rental Units and a 10.7 percent increase for Partially Covered Rental Units. The table below compares the proposed Fiscal Year 2020-21 Rental Housing Fee to prior year fees.

Table 2. Comparison of Proposed Fiscal Year 2020-21 Rental Housing Fee to Prior Year Fees

Fiscal Year	Fully Covered Rental Units	Partially Covered Rental Units	Governmentally Subsidized Rental Units
2017-18	\$145	\$145	\$145
2018-19	\$207	\$100	\$50
2019-20	\$212	\$112	\$112
2020-21 (Proposed)	\$219	\$124	\$124

¹ Total expenditures include a 17% operating reserve (the minimum recommended by the GFOA)

² Includes suspected Fully Covered rental units

³ Includes suspected Partially Covered rental units

⁴ Fees rounded to the nearest full dollar

Conclusion and Recommended Actions

The proposed 2020-21 budget reflects the short and long-term goals of the Rent Program; that is, to create an actively enforced program that effectively serves empowered and knowledgeable community members. The Fiscal Year 2020-21 Fee Study will allow the Rent Program to recover costs of all budgeted operations in a manner consistent with Section 50076 of the California Government Code with modest increases in the Rental Housing Fees for Landlords.

The recommended actions put forth by staff for consideration by the Rent Board are as follows:

- Adopt the proposed Fiscal Year 2020-21 Budget to provide the support necessary for continued development of all Rent Program operations
- Receive and approve the Fiscal Year 2020-21 Rental Housing Fee Study
- Direct staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure of \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units

DOCUMENTS ATTACHED:

Attachment 1 – Collections Report Through May 1, 2020

Attachment 2 – Fiscal Year 2020-21 Budget and Rental Housing Fee Study

Rash Curtis Collections Report
Through May 1, 2020

Collections Totals

TOTAL ACCOUNTS REFERRED TO COLLECTIONS: 70
AVERAGE AMOUNT OF ACCOUNTS: \$3,213.02
TOTAL AMOUNT OF ACCOUNTS: \$237,054
TOTAL AMOUNT COLLECTED THROUGH 05/01/2020: \$47,129
PERCENT COLLECTED: 19.8%

Fund Details

Fund 7383 (Letter Services)

20 Accounts referred in November 2019 for a total of \$118,280
- 2 accounts were paid for a total of \$19,356

50 Accounts referred in January 2020 for a total of \$118,774
- 1 account was paid for a total of \$4,248.00

Total Accounts Referred: 70

Total Dollar Amount of Accounts: \$237,054

of Accounts Paid in Full: 3 (Note: these three accounts were paid through our office)

Total Paid in Full: \$23,604

Fund 7384 (Regular Collections)

18 Accounts rolled in December 2019 from 7383 (Letter Services) for a total of \$98,097.00
- 2 accounts collected for a total of \$8,190

48 accounts rolled in February 2020 from 7383 (Letter Services) for a total of \$ 113,962.00
- 4 accounts collected for a total of \$15,405

Total Accounts Rolled into Regular Collections: 66

Total Dollar Amount of Accounts: \$212,059

Average dollar amount of accounts: \$3,213.02

of Accounts Paid in Full: 6

Total Paid in Full: \$23,595

FISCAL YEAR 2020-21 BUDGET AND RENTAL HOUSING FEE STUDY

CITY OF RICHMOND RENT PROGRAM

MAY 2020



City of Richmond Rent Program
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(510) 234-RENT [7368]
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I. RENT PROGRAM ORGANIZATION AND GOALS

Mission Statement

The mission of the Rent Program is to promote neighborhood and community stability, healthy housing, and affordability for Richmond tenants through the regulating of those landlord/tenant matters that reasonably relate to rents and evictions, while maintaining a landlord's right to a fair return.

Proposed Fiscal Year 2020-21 Organizational Chart and Labor Summary

The Richmond Rent Program was established following the adoption of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Ordinance) by a majority of Richmond voters in 2016. In accordance with the Rent Ordinance, an Executive Director appointed by a five-member Rent Board comprised of Richmond residents leads the Rent Program. No more than two members of the Rent Board may own or manage rental property or act as realtors.

The following figures illustrate the how the proposed staffing plan for the upcoming year compare to prior years. Figure 1 contains the proposed organizational chart for the 2020-21 fiscal year, and Figures 2 and 3 provide a summary of filled full-time equivalents (FTEs) since Fiscal Year 2018-19.

Figure 1. Proposed FY 2020-21 Rent Program Organizational Chart

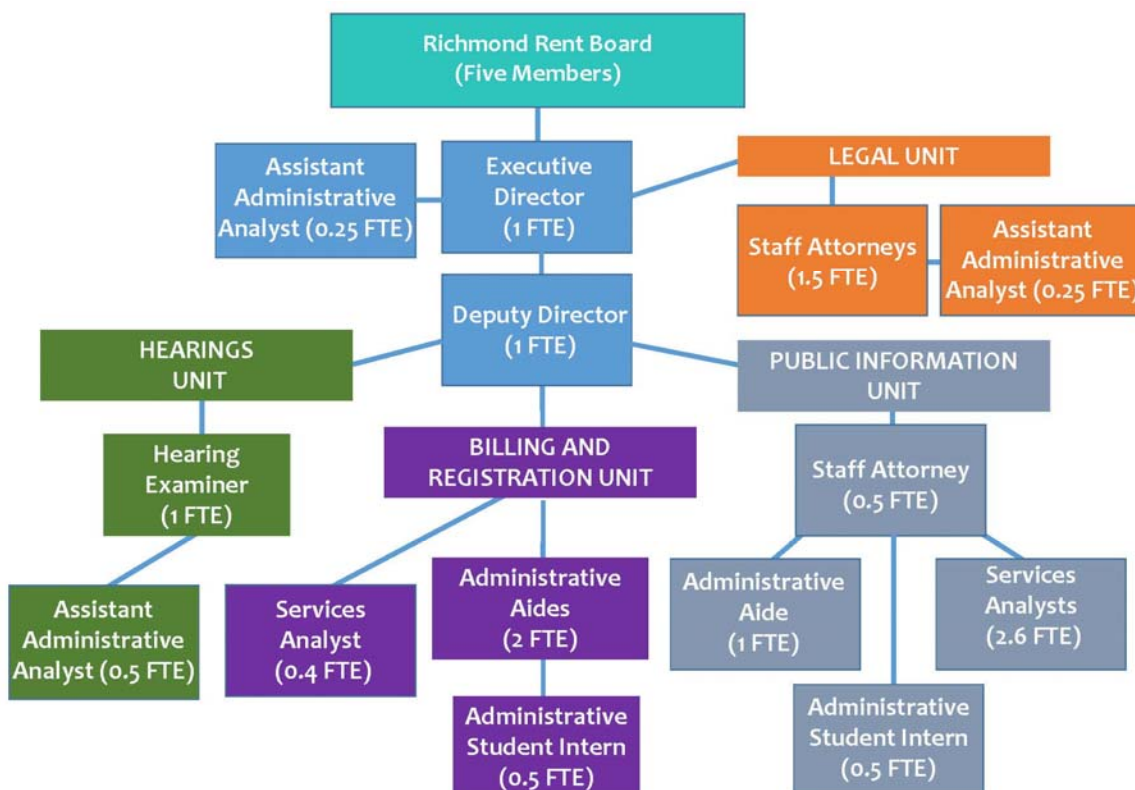


Figure 2. Fiscal Year 2020-21 Labor Summary

<i>Unit</i>	<i>Authorized Positions 2018/2019</i>	<i>Authorized Positions 2019/2020</i>	<i>Proposed Positions 2020/2021</i>	<i>Amount of Change 19/20 - 20/21</i>
Management	4.5	2.5	2.25	-0.25
Legal	N/A	1.5	1.75	0.25
Public Information	4.25	4.6	4.6	0
Billing & Registration	N/A	2.9	2.9	0
Hearings	1.25	1.5	1.5	0
TOTAL	10	13	13	0

Figure 3. Permanent Staff by Classification

<i>Classification</i>	<i>Authorized Positions 2018/2019</i>	<i>Authorized Positions 2019/2020</i>	<i>Proposed Positions 2020/2021</i>	<i>Amount of Change 19/20 - 20/21</i>
Administrative Aide	1	3	3	0
Administrative Student Intern	2	1	1	0
Assistant Administrative Analyst	1	1	1	0
Deputy Director	1	1	1	0
Executive Director	1	1	1	0
Hearing Examiner	1	1	1	0
Rent Program Services Analyst	2	3	3	0
Staff Attorney	1	2	2	0
Total	10	13	13	0

Progress Towards the Achievement of Fiscal Year 2019-20 Goals

As part of the Fiscal Year 2019-20 Rent Program budget development process, staff members identified a series of goals, for which the proposed Fiscal Year 2020-21 budget would support. Table 1, on the following page, provides a status update on the goals established for the 2019-20 fiscal year.

Table 1. Progress towards achievement of Fiscal Year 2019-20 goals

Fiscal Year 2019-20 Goal	Progress Towards Achievement
Continue to invest resources in staff training, particularly for the Rent Program Services Analysts, to ensure staff members are knowledgeable on the requirements of the Rent Ordinance, Rent Board Regulations, and related State and Federal laws	Complete. Formal trainings on special topic areas, such as the Maintenance of Net Operating petition process, the Relocation Ordinance, and AB 1482 were provided to Rent Program Services Analysts, in addition to several informal trainings provided throughout the year.
Launch the formal mediation program	Nearly complete. With mediation guidelines and administrative procedures in place, staff members are currently assessing the bandwidth of the Public Information Unit to determine how many mediations may be scheduled per month.
Continue to develop an online filing system for the submission of Property Enrollment and Tenancy Registration forms, as well as the filing of rent increase and termination of tenancy notices on the City's e-trakit website	Progress is ongoing. Online submission of forms and notices has yet to be fully launched; staff members anticipate systems will continue to be developed in the 2020-21 fiscal year.
Publicize the Guide to Rent Control in Richmond and develop one-page fact sheets on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, and the Relocation Ordinance	Nearly Complete. The Guide to Rent Control has been completed and is slated to be distributed to Landlords and Tenants concurrent with the mailing of Rent Validation Reports for fully-covered rental units. Landlords and Tenants of partially-covered rental units are anticipated to receive the Guide to Rent Control as well, in the absence of a Rent Validation Report.
Expand education efforts to target specific groups, such as (but not limited to) Tenants and providers of affordable housing, realtors, and monolingual Spanish-speaking households	Progress is ongoing. During FY 2019-20, the Executive Director and Deputy Director presented to Richmond's various Neighborhood Councils, as well as special interest groups such as the Point Richmond Business Association. Focus groups held entirely in Spanish were conducted for the proposed Owner Move-In regulations. The Executive Director is currently developing an outreach strategy to conduct site visits and make connections with local businesses, churches, and community centers.
Develop systems to produce Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), including a database accessible to the public where community members can research the MAR for a particular rental unit	Nearly complete. More than half of all rent-controlled tenancies have been registered to date; however, thousands of forms still need to be entered into the database. Billing and Registration unit staff are working closely with the City's IT department staff to develop notices that can be automatically generated and mailed to Landlords and Tenants to educate them about the Maximum Allowable Rent for their specific unit. It is anticipated these forms will begin to be sent out during the 2020-21 fiscal year.

ITEM G-1 ATTACHMENT 2

City of Richmond Rent Program
FY 2020-21 Budget and Rental Housing Fee Study

Fiscal Year 2019-20 Goal	Progress Towards Achievement
Improve collection of the Rental Housing Fee (greater than 80% compliance) to build up the Rent Program's reserves	Complete. More Rental Housing Fee revenue has been collected during the 2019-20 fiscal year than in any other year. Revenue projections predict 89% of budgeted revenue will be collected by the close of the fiscal year.
Continue to work collaboratively with other City departments to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee	Progress is ongoing. Rent Program staff continue to host monthly meetings with the Richmond Police Department, Code Enforcement, Richmond Housing Authority, and Community Development Department to foster open communication about issues pertaining to the Rent Ordinance. Staff also implemented several systems during the 2019-20 fiscal year to improve compliance with payment of City fees, such as automatic triggers in the database of Rental Units to alert staff when rental business licenses are issued. These systems allow staff to ensure properties with residential rental business licenses are included in the database of rental units in the City.
Continue to develop and refine the City's first comprehensive database of Rental Units, which provides benefits City-wide, in the form of fee collection, communication, and property information	Progress is ongoing. The Rent Program continues to invest significant staff resources in database verification and development. Enrollment and tenancy registration processes continue to be central to the creation of an accurate database. Targeted efforts were made during the 2019-20 fiscal year to identify rental units absent from the database through review of online rental listing sites. In addition, staff conducted targeted outreach to large complexes (such as condominium complexes in Marina Bay) to identify rental units.

Proposed Fiscal Year 2020-21 Goals

The proposed Fiscal Year 2020-21 budget has been prepared for the Board's consideration in acknowledgement of the following goals in three broad categories: Program Development, Outreach, and Program Sustainability and Compliance.

PROGRAM DEVELOPMENT:

1. **Continue to invest resources in staff training**, particularly for the Rent Program Services Analysts, to ensure staff members are knowledgeable on the requirements of the Rent Ordinance, Rent Board Regulations, and related State and Federal laws.
2. **Continue to implement the formal mediation program** to provide free formal and informal mediation services to Landlords and Tenants as a means of resolving disputes that have a reasonable nexus to the Rent Ordinance through the assistance of a trained mediator.
3. **Continue to develop an online filing system for the submission of Property Enrollment and Tenancy Registration forms**, as well as the filing of rent increase and termination of tenancy notices on the City's e-trakit website.

OUTREACH:

1. **Publicize the Guide to Rent Control in Richmond and develop one-page fact sheets** on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, and the Relocation Ordinance.
2. **Develop a Comprehensive Outreach Plan** that includes, but is not limited to, continuing to bolster our social media presence, producing informational, infographic, and/or testimonial videos to highlight aspects of the Rent Ordinance and services provided by the Rent Program and expanding outreach efforts to local businesses, schools, non-profits, neighborhood councils, and other community stakeholders.
3. **Launch Tenancy Registration Outreach** by beginning to mail out Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), and create a database accessible to the public where community members can research the MAR for a particular rental unit.

PROGRAM SUSTAINABILITY AND COMPLIANCE:

1. **Continue to improve collection of the Rental Housing Fee** (greater than 85% compliance) to build up the Rent Program's reserves
2. **Continue to work collaboratively with other City departments** to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee
3. **Implement more stringent exemption verification processes** to require that claims of non-applicability or exemption are fully investigated and approved or denied by Rent Program staff (or the Rent Board, in the event of an appeal).

II. PROPOSED FY 2020-21 BUDGET

The figure below contains the proposed Fiscal Year 2020-21 budget based on anticipated program needs. Detailed descriptions of the components within each line item are contained in the sections that follow.

BUDGET								
Object #	City Account Description	FY 17-18 ACTUALS	FY 18-19 ACTUALS	FY 19-20 ACTUALS THROUGH PERIOD 6	Projected to 6/30/20	FY 19-20 PROJECTED	FY 20-21 PROPOSED	Variance Notes (a)
	REVENUES							
340445	Fees/Admin Fees	1,878,958	2,189,703	2,264,071	349,999	2,614,070	2,609,056	(1)
361701	Int & Invest/Pooled-All Other	1,175	367	405	300	705	719	
	TOTAL REVENUES	1,880,133	2,190,070	2,264,476	350,299	2,614,775	2,609,775	
	EXPENSES							
400001	Salaries & Wages/Executive	252,053	530,092	306,070	333,524	639,594	672,384	(2)
400002	Salaries & Wages/Mgmt-Local 21	153,348	294,152	143,741	124,091	267,832	303,872	(2)
400003	Salaries & Wages/Local 1021	40,563	128,866	51,613	88,522	140,135	199,116	(2)
400006	Salaries & Wages/PT-Temp	52,250	49,557	28,187	28,285	56,472	43,036	(2)
400031	Overtime/General	4,013	4,778	2,094	2,942	5,036	6,000	(2)
400048	Other Pay/Bilingual Pay	892	6,993	3,956	3,956	7,912	12,239	(2)
400049	Other Pay/Auto Allowance	4,200	4,200	2,100	2,100	4,200	4,200	(2)
400050	Other Pay/Medical-In Lieu of	2,900	2,700	1,200	1,200	2,400	2,448	
400079	Comp Absences/WC-Prof-Mgt-Tec	-	1,486	4,187	-	4,187	4,187	
	Subtotal - Salaries & Wages	510,218	1,022,823	543,148	584,621	1,127,769	1,243,295	
400103	P-Roll Ben/Medicare Tax-ER Shr	7,457	14,937	7,927	7,927	15,854	16,622	(3)
400104	P-Roll Ben/PERS Benefits	117,805	-			-	-	
400105	P-Roll Ben/Health Insurance Be	65,719	146,557	72,230	72,230	144,460	151,455	(3)
400106	P-Roll Ben/Dental Insurance	8,403	16,652	8,005	8,005	16,010	16,785	(3)
400109	P-Roll Ben/Employee Assistance	236	430	237	237	474	497	(3)
400110	P-Roll Ben/Professional Dev-Mg	2,252	3,728	1,985	1,985	3,970	4,162	(3)
400111	P-Roll Ben/Vision	1,148	2,106	1,046	1,046	2,092	2,193	(3)
400112	P-Roll Ben/Life Insurance	2,746	5,557	2,124	2,124	4,248	4,454	(3)
400114	P-Roll Ben/Long Term Disabilit	4,778	9,408	4,943	4,943	9,886	10,365	(3)
400116	P-Roll Ben/Unemployment Ins	1,368	1,860	3,116	3,116	6,232	6,534	(3)
400117	P-Roll Ben/Personal/Prof Dev	700	750	-	750	750	786	(3)
400121	P-Roll Ben/Worker Comp-Clerica	6,984	13,806	4,900	4,900	9,800	10,275	(3)
400122	P-Roll Ben/Worker Comp-Prof	28,774	69,352	30,402	30,402	60,804	63,748	(3)
400127	P-Roll Ben/OPEB	19,169	39,338	21,052	21,052	42,104	44,143	(3)
400130	P-Roll Ben/PARS Benefits	706	642	256	256	512	537	(3)
400149	P-Roll Ben/Misc	-	123,021	67,696	67,696	135,392	141,948	(3)
400151	P-Roll Ben/Misc (UAL)	-	162,985	114,644	114,644	229,288	240,391	(3)
	Subtotal Fringe Benefits	268,246	611,127	340,563	341,313	681,876	714,894	
400201	Prof Svcs/Professional Svcs	31,757	32,112	9,434	29,434	38,867	17,500	(4)
400206	Prof Svcs/Legal Serv Cost	168,375	137,614	77,080	122,920	200,000	210,000	(5)
400220	Prof Svcs/Info Tech Services	14,376	2,375	-	-	-	-	
400241	Travel & Trng/Meal Allowance	-	359	-	200	200	204	
400242	Travel & Trng/Mileage	38	1,284		1,200	1,200	1,224	
400243	Travel & Trng/Conf, Mtng Trng	-	280		300	300	1,500	(6)
400245	Travel & Trng/Tuition Rmb/Cert	800	800		800	800	800	(7)
499246	Travel & Trng/Registration Fee	60	-		-	-	-	
400261	Dues & Pub/Memberships & Dues	-	824		1,650	1,650	1,650	(8)
400263	Dues & Pub/Subscription	-	1,500		-	-	-	
400271	Ad & Promo/Advertising & Promotional Materials	1,797	1,559	705	705	1,410	200	(9)
400272	Ad & Promo/Community Events	3,762	1,563	1,722	1,722	3,444	3,513	
400280	Adm Exp/Program Supplies	-	5,292	634	634	1,268	3,525	(10)
	Subtotal Prof & Admin Services	220,964	185,563	89,575	159,565	249,139	240,116	
400231	Off Exp/Postage & Mailing	25,175	10,849	3,573	3,573	7,146	25,432	(11)
400232	Off Exp/Printing & Binding	2,938	12,071	2,062	2,062	4,124	27,181	(12)
400233	Off Exp/Copying & Duplicating	1,325	46	-	-	-		
400304	Rental Exp/Equipment Rental	2,928	8,721	4,000	4,000	8,000	8,000	(13)
400321	Misc Exp/Misc Contrib	-	3,000	-	-	2,000	3,000	(14)
400322	Misc Exp/Misc Exp	4,410	3,061	1,434	1,434	2,868	2,925	
400341	Off Supp/Office Supplies	9,084	8,721	3,331	3,331	6,662	6,795	
400344	Off Supp/Computer Supplies	2,561	18	783	783	1,566	-	
	Subtotal Other Operating	48,421	46,486	15,183	15,183	32,366	73,334	
400401	Utilities/Tel & Telegraph	-	254	139	139	278	284	
400552	Prov Fr Ins Loss/Ins Gen Liab	-	8,029	7,491	1,200	8,691	8,865	
400574	Cost Pool/(ISF)-Gen Liab	26,138	55,701	45,631	45,631	91,262	93,087	
400586	Cost Pool/(CAP)-Admin Charges	51,454	51,454	25,726	25,726	51,452	52,481	
400591	Cost Pool/(IND)Civic Ctr Alloc	52,275	52,420	23,512	23,512	47,024	47,964	
400601	Noncap Asst/Comp Hrdware<5K	-	-	5,259	-	5,259	1,100	(15)
400604	Noncap Asst/Furniture <5K	528	13,328	-	-	-	-	
	TOTAL EXPENSES	1,178,245	2,047,186	1,096,227	1,196,889	2,295,116	2,475,420	
	TOTAL BUDGET (b)	2,425,338	2,804,925	1,396,405	624,171	2,923,584	2,896,242	
	NET OPERATING SURPLUS (DEFICIT)	701,888	142,884	1,168,249	(846,590)	319,659	134,355	

Budget Notes

(a) Variance notes are provided for all line items adjusted by a factor or for considerations other than inflation (2%)

(1) Assumes fees increase to \$219 for Fully Covered units and \$124 for Partially Covered units with a collection rate of 90%

(2) See page 11 for salary and wage assumptions

(3) Fringe benefits estimated at 57.5% of salaries and wages

(4) Includes \$3,500 for a subscription with DataTree for property information, \$4,000 for a subscription with WestLaw for legal research purposes, and \$10,000 for translation services

(5) Includes \$125,000 contract with the Eviction Defense Center to assist with Unlawful Detainer cases, \$75,000 for a contract with Bay Area Legal Aid for the weekly Housing Rights Clinics, and \$10,000 for legal filing fees in the event of litigation.

(6) Reflects the anticipated cost of sending one Staff Attorney to mediation training at a cost of \$1,500 per person

(7) In accordance with City personnel policies, eligible employees may receive reimbursement of up to \$800 for higher education tuition

(8) Anticipated cost of Bar Association dues for three attorneys (\$550 per Attorney).

(9) Budgeted amount reflects requirement to publish notices in the newspaper for public hearings as part of the budget adoption process

(10) Budgeted amount includes the following: emails for Rent Boardmembers (\$100 per month), food for Rent Board meetings (\$75 per meeting, 15 meetings per year), business cards (\$600) and labor for refurbishing the mural on Ohio Street (\$40 per hour for 15 hours).

(11) Budgeted amount reflects anticipated postage costs for one letter project, one postcard project, invoicing, tenancy registration mailings, and the Guide to Rent Control

(12) Budgeted amount reflects anticipated printing costs for one letter project, one postcard project, invoicing, tenancy registration mailings, and the Guide to Rent Control

(13) Lease of RICOH copiers including a cost-per-copy amount. 36 month lease ends in 2022.

(14) Stipends for 2 UC Berkeley Public Service Center interns, ranging from \$1,000 - \$1,500 per intern

(15) Budgeted amount assumes one desktop computer purchase at \$1,100

(b) Budgeted reserve is calculated as 17% of expenditures (minimum recommended by the GFOA) See below for projected figures:

Starting Reserve Balance	\$55,339.00
Projected Contribution to Reserves FY 2019-20	\$319,659.00
Projected Contribution to Reserves FY 2020-21	\$134,354.88
Ending Reserve Balance FY 2020-21	\$509,352.88

ITEM G-1 ATTACHMENT 2

City of Richmond Rent Program
FY 2020-21 Budget and Rental Housing Fee Study

SALARIES AND WAGES	
400001 – 400006 Permanent Employees	Proposed Allocation: \$1,218,408

The allocation reflects salary-related costs for all filled positions and includes a cost-of-living adjustment for all non-exempt staff as set forth in the collective bargaining agreements with the City's employee unions.

Position	Fiscal Year 2019-20 Salary	Fiscal Year 2020-21 Salary	Notes
Executive Director	\$153,336	\$153,336	Forgo cost of living increase
Hearing Examiner	\$145,380	\$145,380	Forgo cost of living increase
Staff Attorney	\$145,380	\$145,380	Forgo cost of living increase
Deputy Director	\$120,000	\$120,000	Forgo cost of living increase
Staff Attorney	\$108,288	\$108,288	Forgo cost of living increase
<i>Subtotal Executive Staff</i>	<i>\$672,384</i>	<i>\$672,384</i>	
Rent Program Services Analyst	\$89,536	\$94,052	Anticipated to receive regular step increase (to top step)
Assistant Administrative Analyst	\$74,244	\$74,244	Already at top step
Rent Program Services Analyst	\$92,208	\$67,788	Reallocate to Analyst I, budget at Step III
Rent Program Services Analyst	\$75,729	\$67,788	Reallocate to Analyst I, budget at Step III
<i>Subtotal Local 21 Management Staff</i>	<i>\$331,717</i>	<i>\$303,872</i>	
Administrative Aide	\$70,476	\$70,476	Already at top step
Administrative Aide	\$65,606	\$64,320	Position replaced in FY 2019/20; current employee anticipated to receive regular step increase to Step III
Administrative Aide	\$60,098	\$64,320	Anticipated to receive regular step increase to Step III
<i>Subtotal SEIU 1021 Staff</i>	<i>\$196,180</i>	<i>\$199,116</i>	
Administrative Student Intern	\$19,997	\$21,518	Anticipated to receive regular step increase (to top step)
Administrative Student Intern	\$19,997	\$21,518	Anticipated to receive regular step increase (to top step)
<i>Subtotal Part Time/Temp Staff</i>	<i>\$39,994</i>	<i>\$43,036</i>	
TOTAL SALARIES	\$1,240,275	\$1,218,408	

SALARIES AND WAGES	
400031 Overtime	Proposed Allocation: \$6,000

The allocation accounts for \$3,500 for the Billing and Registration Unit and \$2,500 for the Public Information Unit for work which cannot be completed during regularly scheduled hours. Most overtime hours in the Billing and Registration Unit are incurred during billing and registration periods, when there is a high volume of inquiries and thousands of mailers to print and assemble. Staff members anticipate a need for an increase in funds for overtime in the Billing and Registration Unit due to the implementation of the Tenancy Registration project. The majority of overtime hours allocated to the Public Information Unit are to account for weekend or evening outreach events.

SALARIES AND WAGES	
400048 Bilingual Pay	Proposed Allocation: \$12,239

The allocation accounts for the two percent (2%) salary premium granted to eight (7) bilingual staff members employed by the Rent Program. These staff members include:

- Staff Attorney (1 FTE)
- Hearing Examiner (1 FTE)
- Rent Program Services Analysts (3 FTE)
- Administrative Aides (2 FTE)

SALARIES AND WAGES	
400049 Auto Allowance	Proposed Allocation: \$4,200

The allocation accounts for an automobile allowance for the Executive Director, in the amount of \$350 per month.

SALARIES AND WAGES	
400050 Medical In-Lieu Plan	Proposed Allocation: \$2,448

The allocation accounts for employees who opt not to use the City's medical insurance and are able to document to the City's satisfaction that they have group health insurance benefits through a spouse's plan or other source. In accordance with the collective bargaining agreements with the City's employee unions, employees meeting these criteria receive an extra \$200 per month.

BENEFITS	
400103 - 400151 Fringe Benefits	Proposed Allocation: \$714,894

The allocation accounts for benefits provided to full-time employees. Individual plan changes and/or actual rate changes during the fiscal year may affect the amount actually expended. These benefits include:

- Health Benefits
 - o Health Insurance (\$151,455)
 - o Dental Insurance (\$16,785)
 - o Vision Insurance (\$2,193)
 - o Employee Assistance Program (\$497)
- Professional Development funds (\$4,162)
- Medicare Taxes (\$16,622)
- Life Insurance (\$4,454)
- Long-Term Disability Insurance (\$10,365)
- Unemployment Insurance (\$6,534)
- Workers' Comp Insurance
 - o Clerical staff (\$10,275)
 - o Professional staff (\$63,748)
- Other Post-Employment Benefits (OPEB) (\$44,143)¹
- Public Agency Retirement System (PARS) Benefits (\$537)
- Miscellaneous Benefits (\$382,339)²

PROFESSIONAL AND ADMINISTRATIVE SERVICES	
400201 Professional Services	Proposed Allocation: \$17,500

The allocation accounts for professional services provided by contractors. These services include:

- Translation (written and verbal) (\$10,000)
- Property Information (monthly subscription with DataTree) (\$3,500)
- Legal Information (monthly subscription with WestLaw) (\$4,000)

¹ According to the California Department of Human Resources, through the collective bargaining process and under the authority of Government Code 22944.5, OPEB (Other Post-Employment Benefits) is the method by which the State of California, as the employer, and its employees jointly prefund health benefits that active employees will receive as state retirees. All employees in positions that are eligible for health benefits, whether or not currently enrolled, prefund OPEB. The state prefunds a matching contribution.

² Miscellaneous benefits refer to the employer portion of CalPERS pension costs for miscellaneous (non-sworn) staff. CalPERS costs are remitted in two parts—one being a percentage of payroll each pay period (object code 400149) and the other being a flat dollar amount per FTE for the unfunded liability (object code 400151). CalPERS provides an annual valuation reports that specifies these rates/dollar amounts.

PROFESSIONAL AND ADMINISTRATIVE SERVICES	
400206 Legal Services	Proposed Allocation: \$210,000

The allocation accounts for legal services provided by contractors for community members and Rent Program staff. More specifically, the allocation includes funds for two categories of legal services:

- Community Services Agency Contracts
 - o The Rent Program contracts with Bay Area Legal Aid in the amount of \$75,000 to offer weekly legal service clinics for both Landlords and Tenants who are Richmond residents
 - o The Rent Program contracts with the Eviction Defense Center in the amount of \$125,000 to provide legal referrals to individuals who need assistance with responding to Unlawful Detainer (eviction) lawsuits.
- Legal filing fees
 - o The allocation also includes \$10,000 for anticipated legal filing fees in the event of litigation (estimates approximately \$5,000 per writ)

TRAVEL AND TRAINING	
400241 - 400246 Meals, Mileage, Trainings	Proposed Allocation: \$3,728

The allocation accounts for reimbursement for staff meals and transportation in accordance with the City's travel policies, as well as tuition reimbursements for educational or training purposes.

More specifically, budgeted funds in this category include the following planned expenses:

- Meal allowances during travel and trainings: \$204
- Mileage reimbursement for travel: \$1,224
- Training costs (Mediation Training for one Staff Attorney): \$1,500
- Tuition reimbursement, consistent with the City's personnel policies: \$800

DUES AND PUBLICATIONS	
400261 Memberships & Dues	Proposed Allocation: \$1,650

The allocation accounts for California BAR Association dues for three attorneys (\$550 per attorney).

ADVERTISING AND PROMOTION	
400271 - 400272 Advertising & Community Events	Proposed Allocation: \$3,713

The allocation accounts for newspaper announcements as required as part of the budget adoption process (\$200) as well as refreshments and materials for 15 community workshops (approximately \$235 per workshop, for a total of \$3,513).

ADMINISTRATIVE EXPENSES	
400280 Program Supplies	Proposed Allocation: \$3,525

The allocation includes funds for supplies not classified as office supplies, including:

- Emails for Rent Boardmembers (\$100 per month, for a total cost of \$1,200)
- Food for Rent Board meetings (\$75 per month, for a total cost of \$1,125)
- Business cards for staff members (\$50 per order, for an estimated 12 orders, for a total cost of \$600)
- Labor to refurbish the Rent Control and Just Cause for Eviction educational mural on Ohio Street (estimated 40 hours of labor at a cost of approximately \$15 per hour, for a total cost of \$600)

OFFICE EXPENSES	
400231 Postage and Mailing	Proposed Allocation: \$25,432

The allocation includes funds for mailing invoices, letters, postcards, and the Guide to Rent Control to Tenants and Landlords. Specifically, the allocation accounts for the following projects:

- One letter project to 5,000 Landlords/Tenants: \$1,450
- One postcard project to 5,000 Landlords/Tenants: \$1,450
- Rental Housing Fee invoices to 5,716 Landlords: \$1,657
- Late Rental Housing Fee invoices to 1,905 Landlords: \$552
- Sending the Notice of Apparent Lawful Rent Ceiling to 14,866 Tenants and Landlords: \$4,311
- Sending Rent Validation Reports to 14,866 Tenants and Landlords: \$4,311
- Mailing the Guide to Rent Control to 23,400 Tenants and Landlords: \$11,701

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OFFICE EXPENSES	
400232 Printing and Binding	Proposed Allocation: \$27,181

The allocation includes funds for printing resources for community members, as well as invoices, letters, postcards, and the Guide to Rent Control to Tenants and Landlords. Specifically, the allocation accounts for the following projects:

- General print materials: \$4,000
- One letter project to 5,000 Landlords/Tenants: \$250
- One postcard project to 5,000 Landlords/Tenants: \$1,100
- Rental Housing Fee invoices to 5,716 Landlords: \$286
- Late Rental Housing Fee invoices to 1,905 Landlords: \$95
- Sending the Notice of Apparent Lawful Rent Ceiling to 14,866 Tenants and Landlords: \$780
- Sending Rent Validation Reports to 14,866 Tenants and Landlords: \$780
- Mailing the Guide to Rent Control to 23,400 Tenants and Landlords: \$19,890

OFFICE EXPENSES	
400304 Equipment Rental	Proposed Allocation: \$8,000

The allocation provides for funding for the lease of combination printers, scanners, copiers, and fax machines at City Hall. In 2019, the Rent Program, in partnership with the Richmond Promise, Arts and Culture, and Department of Infrastructure, Maintenance, and Operations, entered into a 36-month lease with RICOH for two machines for the second floor of 440 Civic Center Plaza building. The cost of the lease is shared equally among participating entities, while the cost per copy is charged to each entity. The cost to the Rent Program is approximately \$666 per month.

MISCELLANEOUS EXPENSES	
400321 - 400322 Miscellaneous Contributions and Expenses	Proposed Allocation: \$5,925

The allocation provides for the Rent Program to continue to partner with the UC Berkeley Public Service Center to retain two student interns for the 2020-21 academic year. The estimated cost is approximately \$1,500 per intern. The allocation also includes \$2,925 for miscellaneous expenses based on minor unforeseen program needs throughout the year.

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OFFICE SUPPLIES	
400341 Office Supplies	Proposed Allocation: \$6,795

The Rent Program purchases office supplies through the City's purchasing division which contracts with an office supply vendor. This allocation covers traditional office supplies necessary to maintain daily professional operations.

UTILITIES	
400401 Telephone	Proposed Allocation: \$284

The allocation covers the cost of the Executive Director's work cell phone service.

SUPPLEMENTAL INSURANCE	
400552 General Liability Insurance	Proposed Allocation: \$8,865

The allocation covers the cost of a supplemental liability insurance policy (SLIP) for the Rent Program. More specifically, the policy accounts for Errors and Omissions and General Liability coverage.

COST POOL	
400574 – 400591 General Liability, Admin Charges, Space	Proposed Allocation: \$193,532

The allocation covers General Liability, Administrative Charges, and space at City Hall for the Rent Program. More specifically, the allocation accounts for the following:

- **General Liability and Workers' Compensation** at a combined cost of \$7,758 per employee, for a total cost of \$93,087
- **Administrative Charges** (*previously referred to as "Indirect Costs"*) are allocated to City Departments to reimburse the General Fund for administrative services performed by central service departments (e.g. Information Technology (IT), Human Resources, Finance Department, City Manager, City Attorney, City Clerk, and City Council. Allocations are determined in the City's Cost Allocation Plan (CAP) which is conducted by an external consultant on a periodic basis. Since the Rent Program was not included in the most recent Cost Allocation Plan since it was completed prior to 2017, the City Manager's Office was used as the basis for the original figure. The City anticipates conducting a new CAP in the near future, and as such, the cost of these charges may increase or decrease depending on the consultant's findings. The cost allocated in the budget is \$52,481.
- **Civic Center Allocation** refers to the cost of space at 440 Civic Center Plaza. The cost of this space is based on the percentage of total occupied square footage at City Hall.

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This percentage is then applied to the total annual debt service. Based on the most recent assessment, conducted in 2017, the Rent Program is presumed to occupy 0.9% of the total square footage at City Hall. Since the Rent Program's square footage has increased each year since 2017, the budgeted allocation has increased accordingly. The City anticipates conducting a new assessment in the near future, and as such, the cost of these charges may increase or decrease depending on their findings. The cost allocated in the budget is \$47,964.

NONCAPITAL ASSETS	
400601 Computer Hardware Less Than \$5,000	Proposed Allocation: \$1,100

The allocation covers the cost of one additional desktop computer setup for the front desk, at an estimated cost of \$1,100.

III. EXPENSE AND REVENUE SUMMARY

Overview

In accordance with the Rent Ordinance, the Rent Program's budget is funded by a Residential Rental Housing Fee, paid by all Richmond Landlords.³ Table 2, below, contains a summary of funds expended and collected for departmental operations since the Program's establishment in 2017. The discrepancy in the percentage of revenue collected in the current Fiscal Year 2018-19, compared to Fiscal Year 2017-18, is due in large part to the delays imposed by the Property Enrollment and Tenancy Registration project, which was required to generate accurate invoices with tiered fees. Collection efforts for all assessed fees are ongoing. In 2019, the Rent Board entered into a contract with a collection services agency to recover unpaid fees. To date, the agency has collected approximately \$20,000 in outstanding fee revenue. This figure is expected to grow as collection efforts continue.

Table 2. Expense and Revenue Summary

FISCAL YEAR	BUDGETED AMOUNT	FUNDS EXPENDED	REVENUE COLLECTED	COLLECTION RATE
2017-18 ⁴	FY 16-17 (partial): \$1,150,433	\$1,967,837	\$2,173,778 ⁵	61%
	FY 17-18: \$2,425,338			
2018-19	\$2,804,925	\$2,099,583	\$2,189,836	78%
2019-20	\$2,923,584	\$2,291,279 ⁶	\$2,636,537 ⁷	90% ⁸

Source: City of Richmond Rent Program, 2020 (reports generated using TrakIT and MUNIS software systems.)

Financial Projections and Recommendations

In February 2019, the Rent Program entered into a contract with Kevin W. Harper CPA and Associates to prepare 10-year financial projections for the Rent Program and issue recommendations in support of the agency's goal of achieving long-term financial stability. These projections and CPA recommendations are provided in Appendices B and C, respectively, of this report.

³ At their meeting on December 20, 2017, Rent Boardmembers approved a [Reimbursement Agreement](#) between the Rent Board and City of Richmond to repay funds advanced by the City for program startup.

⁴ Includes the Fiscal Year 2016-17 Rental Housing Fee (December 2016 – June 2017)

⁵ This figure includes revenue collected in Fiscal Year 2017-18 for both the Fiscal Year 2016-17 and Fiscal Year 2017-18 fees.

⁶ This figure represents projected total expenses through the end of the 2019-20 fiscal year.

⁷ This figure represents actual total revenues collected through May 11, 2020.

⁸ This figure represents a projected collection rate based on projected expenses and actual revenues through the end of the 2019-20 fiscal year.

IV. FISCAL YEAR 2019-20 RENTAL HOUSING FEE STUDY

Introduction and Background

Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Rent Ordinance”) provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program budget. The amount of the Rental Housing Fee is annually established by the Richmond Rent Board and approved by the City Council.

Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. Those fees must be approved by the City Council, as the legislative body, in public session.

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including, but not limited to:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with a property and rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;
- Mileage and attendance at conferences and trainings; and,
- An operating reserve to fund unanticipated costs and variations in collection of the Rental Housing Fee.

Structure of the Rental Housing Fee

Consistent with direction from the Rent Board in 2017, its first year of existence, the FY 2016-17 and FY 2017-18 Rental Housing Fees were established as “flat fees,” applicable to all units regardless of partial or full applicability under the Rent Ordinance. This approach was utilized during the first 1.5 years of program startup since the tasks and associated benefits of Departmental startup were reasonably shared among rental units regardless of status.

For the 2018-19 Fiscal Year, the Rent Board adopted a tiered fee, much like that contemplated in the [2017 Fee Study](#) prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (calculated at 55% of costs), a “just cause” layer (20% of total

costs), and a “rent control” layer (25% of costs).⁹ Such allocations correspond with the amount of resources spent administering each component of the program. Staff members recommend the Board continue to utilize a tiered-fee approach to the Fiscal Year 2019-20 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. The figure on the following page illustrates this concept and identifies key example tasks associated with each program component. This list is not exhaustive; the tasks below are identified for illustrative purposes only.

Figure 2. Fee Layers and Associated Tasks

Program Layer (55%)
• Departmental administration and management • Legal defense of the Rent Ordinance and Departmental policies • Preparing studies, regulations, and reports as directed by the Rent Board • Database development and maintenance • Billing and collection of the Rental Housing Fee • Website maintenance • Development of informational materials • Interdepartmental coordination
Just Cause for Eviction Layer (20%)
• Public education and outreach (includes counseling) • Legal services referrals to community services agencies • Administration of Relocation Ordinance • Administration of eviction-related complaints • Processing of termination of tenancy notices and development of templates
Rent Control Layer (25%)
• Public education and outreach (includes counseling) • Legal services referrals to community services agencies • Administration of petition and hearings to adjudicate Rent Adjustment Petitions and Excess Rent Complaints • Rent Registration and tracking of the Maximum Allowable Rent • Processing of rent increase notices and development of templates

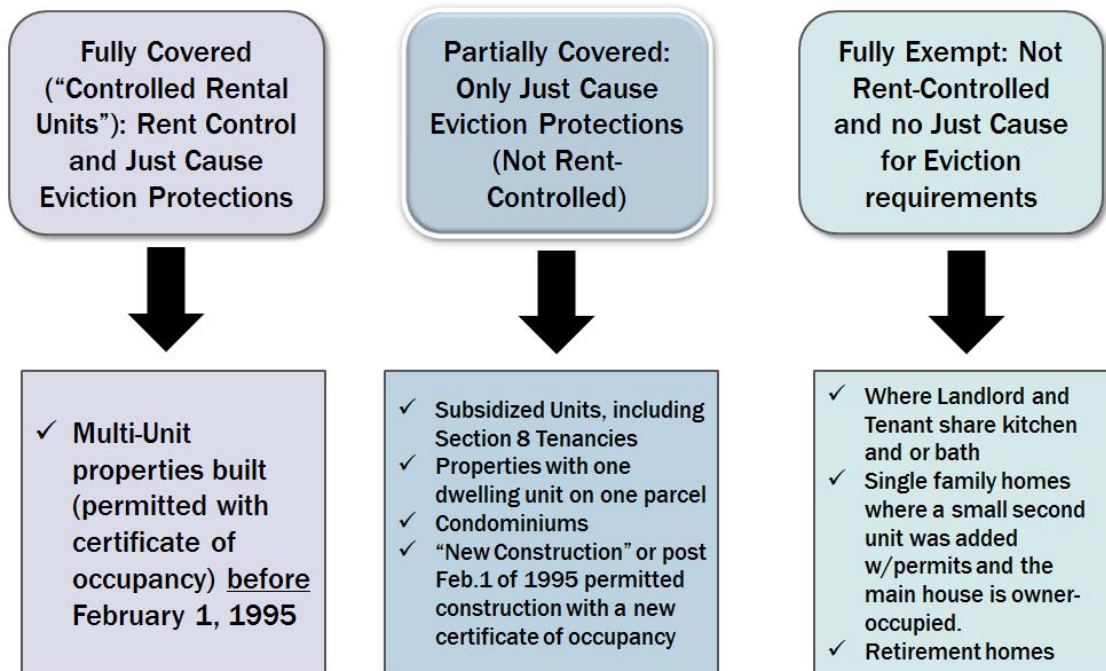
The amount of the Rental Housing Fee applicable to a particular Rental Unit depends on its status. Units applicable to the Just Cause for Eviction requirements, but exempt from the Rent Control provisions of the Ordinance (such as single family homes, governmentally-subsidized units, condominiums, and recently constructed units), are responsible for payment of Program and Just Cause for Eviction layers. Units subject to the Just Cause for Eviction and Rent Control provisions of the Rent Ordinance would be responsible for payment of all three layers. Units that are fully exempt from the Rent Ordinance are not

⁹ With the exception of legal services, which are allocated 9% to the Program Layer, 74% to the Just Cause for Eviction Layer, and 17% to the Rent Control Layer.

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responsible for payment of the Rental Housing Fee. Figure 3, below, identifies the types of units within each of these categories.

Figure 3. Fully Covered, Partially Covered, and Fully Exempt Rental Units



Applicable Unit Counts and Database Development

The number of applicable Rental Units within each category is a critical input in the calculation of the Rental Housing Fees for partially and Fully Covered units. The Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study utilized data provided by the Contra Costa County Assessor's Office to identify suspected Rental Units. While County Assessor data may be used to arrive at an estimated number of total rental units, it cannot produce an exact figure. Nevertheless, County Assessor data was the best and most readily available data at the time of the Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study.

Since the first iteration of the Rental Housing Fee Study in Fiscal Year 2017-18, staff have continued to refine the database of Rental Units in the City of Richmond, most notably through the completion of an exemption verification project of single family homes in the City to accurately identify units that are truly rented. This project involved mailing an introductory letter and policy information to all single family homes and condominiums possessing one of the following characteristics in the County Assessor database:

- (1) No Homeowner's Tax Exemption was claimed
- (2) The site address of the property did not match the owner on record's mailing address

Approximately 15,500 properties met the above criteria. To confirm applicability to the Rent Ordinance, Rent Program staff members mailed information about the requirements of the Rent Ordinance to all owners of property that met the criteria above. Owners of properties in

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the City of Richmond that did not contains any Rental Units (for example, owners of condominiums that are owner-occupied) were required to complete and submit a Declaration of Owner Occupation and/or Exemption form and submit documentation to allow staff members to approve the exemption. Rent Program staff members received and processed approximately 1,700 Declaration of Owner Occupation and/or Exemption forms.

Additional sources of data, including the identification of rental units not identified in the previous fee study, include:

- Rental Units enrolled in the Rent Program online at www.richmondrent.org/enroll
- Rental Units identified by the Rental Inspection Program
- Rental Units participating in the Section 8 Housing Choice Voucher Program
- Rental Units with an active business license
- Rental Units in subsidized housing developments, such as those built with Low Income Housing Tax Credits (LIHTC), based on the [inventory of deed-restricted affordable housing](#) prepared by Rent Program staff members in 2017
- Unknown Rental Units identified through Tenant inquiries to the Rent Program Department

Since the adoption of last year's Rental Housing Fee, staff members have continued to refine the database of Rental Units through processing of Property Enrollment and Owner Declaration forms. These processes have unveiled a significant number of suspected rental units that are not truly rented, decreasing the total number of applicable rental units among which the Rent Program budget is divided to calculate the Rental Housing Fee. For example, the processing of Property Enrollment forms has unearthed many multifamily properties where an owner may occupy one unit. In such case, the status of a unit would be changed from "Compliant" or "Noncompliant" [Partially or Fully-Covered Rental Unit] to "Owner Occupied." The table on the following page summarizes these changes as of March 9, 2020.

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Table 3. Unit Status Changes, 2018 – 2020

NOTE: These numbers are in the process of being verified and all figures are subject to change.

STATUS	CHANGE BETWEEN 2018 AND 2019 (POSITIVE NUMBER – UNITS ADDED; NEGATIVE NUMBER – UNITS LOST)	2019 TOTAL	CHANGE BETWEEN 2019 AND 2020 (POSITIVE NUMBER – UNITS ADDED; NEGATIVE NUMBER – UNITS LOST)	2020 TOTAL
SUSPECTED FULLY COVERED RENTAL UNITS	+175	175	-167	8
FULLY COVERED RENTAL UNITS	-1,946	7,627	-202	7,425
SUBTOTAL – FULLY COVERED UNITS	-1,771	7,802	-369	7,433
SUSPECTED PARTIALLY COVERED RENTAL UNITS	+53	54	+66	120
PARTIALLY COVERED RENTAL UNITS (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	-366	7,192	-1,624	5,568
SUBTOTAL – PARTIALLY COVERED UNITS	-313	7,246	-1,558	5,688
SUBTOTAL - GOVERNMENTALLY SUBSIDIZED RENTAL UNITS	0	4,211	+30	4,512¹⁰
TOTAL APPLICABLE UNITS	-2,084	19,259	-1,957	17,633
OWNER OCCUPIED/HOMEOWNER EXEMPT	+3,782	4,614	+849	5,463
RENT FREE	+75	159	+91	250
NOT AVAILABLE FOR RENT	+8	170	+147	317
NOT APPLICABLE ¹¹	+496	527	+155	682
TOTAL NON-APPLICABLE OR CONDITIONALLY EXEMPT UNITS	4,361	5,470	1,242	6,712

¹⁰ This figure includes 271 units at the Terraces, an affordable housing development anticipated to be available for rent in 2020.

¹¹ Includes Statuses “Exempt,” “APN not on file,” “Outside City Boundaries,” “Ineligible,” “Vacant Lot,” and “Non-Applicable”

Rental Housing Fees Associated with Proposed FY 2020-21 Budget

Table 4, below, present the fees corresponding to the proposed Fiscal Year 2020-21 budget:

Table 4. Fiscal Year 2020-21 Proposed Budget and Rental Housing Fees

UNIT COUNTS		PROPOSED FY 2020-21	CHANGE FROM FY 2019-20
TOTAL EXPENDITURES: ¹²		\$2,896,242	-\$27,342 (-1%)
FULLY COVERED UNITS ¹³	7,433	\$219	\$7 (3.3%)
PARTIALLY COVERED UNITS (INCLUDING SUBSIDIZED UNITS) ¹⁴	10,251	\$124	\$12 (10.7%)
TOTAL REVENUE ¹⁵ :		\$2,898,951	-\$38,257 (-1%)

Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions

On May 21, 2019, the Richmond City Council adopted [Resolution 40-19](#), approving the Fiscal Year 2019-20 Residential Rental Housing Fee in the City's master fee schedule of \$212 per Controlled Rental Unit and \$112 per Partially Covered Rental Unit, including Governmentally Subsidized Rental Units. Table 5, below, contains a historical comparison of the Residential Rental Housing Fees charged in FY 2017-18, FY 2018-19, FY 2019-20, and the proposed fee for FY 2020-21.

Table 5. Comparison of Proposed FY 2020-21 Rental Housing Fee to Prior Year Fees

FISCAL YEAR	FULLY COVERED RENTAL UNITS	PARTIALLY COVERED RENTAL UNITS	GOVERNMENTALLY SUBSIDIZED RENTAL UNITS
2017-18	\$145	\$145	\$145
2018-19	\$207	\$100	\$50
2019-20	\$212	\$112	\$112
2020-21 (Proposed)	\$219	\$124	\$124

¹² Total expenditures include a 17% operating reserve (the minimum recommended by the GFOA)

¹³ Includes suspected Fully Covered rental units

¹⁴ Includes suspected Partially Covered rental units

¹⁵ Fees rounded to the nearest full dollar

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Table 6, below, compares the proposed Rental Housing Fee to fees in other jurisdictions with rent programs in the state of California. This table calculates a per unit cost of administration, revealing that of California's actively enforced programs, Richmond's per unit cost is the lowest. Yet while Richmond's proposed fees are lower than those charged in peer jurisdictions with actively enforced rent programs, it is important to consider that Richmond's median rental rates are also less than those in peer rent control jurisdictions.

Table 6: Comparison of Program Budgets, Unit Counts, Fees, and Median Rents in Case Study Cities

JURISDICTION	2019-20 PROGRAM BUDGET	APPLICABLE RENTAL UNITS ¹⁶	RENTAL HOUSING FEES (PER UNIT)	2019 MEDIAN GROSS RENT ¹⁷	PORTION OF FEE PASSED THROUGH TO TENANTS
ACTIVELY ENFORCED RENT PROGRAMS					
BERKELEY	\$5,377,500	19,093	\$250	\$3,114	50%; City may reimburse low-income tenants ¹⁸
EAST PALO ALTO	\$619,100	2,325	\$222	\$3,364	50%
OAKLAND	\$9,293,006	65,000	\$101	\$2,926	50%
RICHMOND	\$2,896,242 (proposed for FY 2020-21)	7,433 Fully Covered units; 10,251 Partially Covered units	\$219 per Fully Covered Unit; \$124 per Partially Covered Unit (proposed for FY 2020-21)	\$2,718	N/A
SANTA MONICA	\$5,269,647 ¹⁹	27,542	\$198	\$4,163	50%
COMPLAINT-DRIVEN RENT PROGRAMS					
LOS ANGELES	\$7,967,538	631,000	\$38.75	\$2,822	50%
WEST HOLLYWOOD	\$2,327,862	16,805	\$144 ²⁰	\$3,395	50% (excludes Section 8 tenants)
ALAMEDA	\$1,516,905	14,899	\$106	\$3,316	50% (applies to FY 2020-21 fee)
SAN FRANCISCO	\$9,144,677	173,000	\$50 per apartment unit; \$25 per residential hotel room	\$4,224	50%

Source: City of Richmond Rent Program, 2020

¹⁶ "Applicable rental units" refers to the number of units subject to the Rental Housing Fee in each case study jurisdiction.

¹⁷ Source: Zillow Rent Index (ZRI): A smoothed measure of the typical estimated market rent across a given region and housing type. ZRI, which is a dollar-denominated alternative to repeat-rent indices, is the mean of rent estimates that fall into the 40th to 60th percentile range for all homes and apartments in a given region, including those not currently listed for rent.

¹⁸ Pass-through only applies to tenancies that began prior to January 1, 1999.

¹⁹ Budget includes total operating expenses and does not include \$329,624 of "non-operating expenses," including a capital improvement project and annual PERS loan payment.

²⁰ West Hollywood's Rent Program receives support from the City's General Fund, and the \$144 fee allows the program to recover 65% of total costs. The program would need to collect \$221 per unit to achieve 100% cost recovery.

Conclusion and Recommended Actions

The proposed 2020-21 budget reflects the short and long-term goals of the Rent Program; that is, to create an actively enforced program that effectively serves empowered and knowledgeable community members. The Fiscal Year 2020-21 Fee Study will allow the Rent Program to recover costs of all budgeted operations in a manner consistent with Section 50076 of the California Government Code with modest increases in the Rental Housing Fees for Landlords.

The recommendations put forth by staff for consideration by the Rent Board are as follows:

- Adopt the proposed Fiscal Year 2020-21 Budget to provide the support necessary for continued development of all Rent Program operations;
- Receive and approve the Fiscal Year 2020-21 Rental Housing Fee Study; and
- Direct staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure of \$219 for Fully Covered Rental Units and \$124 for Partially Covered Rental Units, including Governmentally Subsidized Rental Units.

V. UNIT DESCRIPTIONS

Management Unit (2.25 FTE)

The Management Unit, comprised of the Executive Director, Deputy Director, and Assistant Administrative Analyst (0.25 FTE), is responsible for guiding the development of the Rent Program Department and managing day-to-day operations. The Management Unit also conducts policy research to support the Department and Rent Board, which includes conducting surveys and studies to help guide administrative improvements and the formation of sound public policy. The Management Unit oversees all personnel related issues (hiring, training, discipline in conformance with MOU's, etc.) Other duties include providing staff support to the Rent Board, including but not limited to the preparation of agendas, minutes and documents for all Rent Board meetings. Additionally, the Management Unit conducts payroll, purchasing, finance and accounting and administrative workflow processes. Central to the Management Unit's duties are preparation, monitoring and reporting of the annual Rent Program budget. The Management Unit also publishes the Rent Program Annual Report, required by the Rent Ordinance.

Legal Unit (1.75 FTE)

The Legal Unit includes 1.5 FTE of Staff Attorney positions and 0.25 FTE of an Assistant Administrative Analyst position. The duties of the Legal Unit include representing the Board in litigation, advising the Director and the Rent Board on legal matters (this may include the preparation of Confidential Legal Memoranda and ensuring compliance with Brown Act requirements, reviewing and opining on decisions on appeal, coordinating responses to public records act requests, training Rent Program Services Analysts, supervising investigations and lawsuits for non-compliance, reviewing contracts, and responding to legal challenges to the Ordinance and applicable regulations. Staff members in the Legal Unit are also responsible for drafting regulations for consideration by the Rent Board and establishing processes to monitor rent increase and termination notices in accordance with the requirements of the Rent Ordinance.

Public Information Unit (4.1 FTE)

The Public Information Unit, comprised of a Staff Attorney (0.5 FTE), Administrative Aide, and Rent Program Services Analysts (2.6 FTE), is responsible for educating community members about Landlord and Tenant rights and responsibilities under the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, as well as related State and Federal laws. The Staff Attorney is responsible for supervising and ensuring quality control of counseling sessions. Education is provided by Rent Program Services Analysts and Staff Attorney in the form of one-on-one counseling, facilitating mediation sessions, drafting print materials such as the Guide to Rent Control, and providing direct referrals to community legal services agencies. Rent Program Services Analysts also plan, prepare, and conduct monthly community educational workshops for Landlords and Tenants and assist Landlords and Tenants with the filing of Rent Adjustment Petitions. Administrative staff members in the Public Information and Compliance Unit also assist with purchasing and contract management.

Billing and Registration Unit (2.4 FTE)

The Billing and Registration Unit, comprised of two Administrative Aides (2 FTE) and 0.4 FTE of a Rent Program Services Analyst, is responsible for the creation and maintenance of the Department's property enrollment and tenancy registration database with assistance from IT Department staff, which supports all departmental functions. The enrollment and tenancy registration database is an essential tool used to generate accurate Rental Housing Fee invoices, track the Maximum Allowable Rent for Controlled Rental Units, and manage contract and case information for all Rental Units in the City of Richmond. Billing and Registration Unit staff members are responsible for planning and executing the annual billing cycle of the Rental Housing Fee and managing the collection of revenue, including late fees.

Hearings Unit (1.5 FTE)

The Hearings Unit consists of the Department's Hearing Examiner, who is supported by an Assistant Administrative Analyst (0.5 FTE). The main functions of the Hearings Unit include conducting hearings and issuing decisions, conducting settlement conferences, acting as a back-up resource on interpretation of the Rent Ordinance and Regulations, assisting with drafting public information documents such as the Guide to Rent Control and numerous Frequently Asked Questions, maintaining all forms required for administration of the Rent Adjustment Petition process and conducting mediations. Staff members in the Hearings Unit also assist with special projects, such as working with City staff to develop rent registration/tracking software to adjust rents in the Maximum Allowable Rent Tracking database.

VI. APPENDICES

Appendix A: Proposed FY 2020-21 Budget and Fee Study Calculations

Appendix B: Ten-year Financial Projections prepared by Kevin Harper CPA and Associates

Appendix C: Financial Recommendations prepared by Kevin Harper CPA and Associates

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FY 2020-2021 DRAFT RENT PROGRAM BUDGET AND RENTAL HOUSING FEE STUDY														
FEE STUDY														
	UNIT TYPE	# UNITS	Proposed Fee	Revenue		Collection Rate					Program Fee		Just Cause Fee	Rent Control Fee
	Fully Covered Units	7,433	\$ 219	\$ 1,627,827		90%					\$ 84.62		\$ 39.17	\$ 95.15
	Partially Covered Units	10,251	\$ 124	\$ 1,271,124										
				\$ 2,898,951										
BUDGET														
Object #	City Account Description	FY 17-18 ACTUALS	FY 18-19 ACTUALS	FY 19-20 ACTUALS THROUGH PERIOD 6	Projected to 6/30/20	FY 19-20 PROJECTED	FY 20-21 PROPOSED	Variance Notes (a)	Program Allocation (%)	Program Allocation (\$)	Just Cause Allocation (%)	Just Cause Allocation (\$)	Rent Control Allocation (%)	Rent Control Allocation (\$)
	REVENUES													
340445	Fees/Admin Fees	1,878,958	2,189,703	2,264,071	349,999	2,614,070	2,609,056	(1)						
361701	Int & Invest/Pooled-All Other	1,175	367	405	300	705	719							
	TOTAL REVENUES	1,880,133	2,190,070	2,264,476	350,299	2,614,775	2,609,775							
	EXPENSES													
400001	Salaries & Wages/Executive	252,053	530,092	306,070	333,524	639,594	672,384	(2)	55%	369,811	20%	134,477	25%	168,096
400002	Salaries & Wages/Mgmt-Local 21	153,348	294,152	143,741	124,091	267,832	303,872	(2)	55%	167,130	20%	60,774	25%	75,968
400003	Salaries & Wages/Local 1021	40,563	128,866	51,613	88,522	140,135	199,116	(2)	55%	109,514	20%	39,823	25%	49,779
400006	Salaries & Wages/PT-Temp	52,250	49,557	28,187	28,285	56,472	43,036	(2)	55%	23,670	20%	8,607	25%	10,759
400031	Overtime/General	4,013	4,778	2,094	2,942	5,036	6,000	(2)	55%	3,300	20%	1,200	25%	1,500
400048	Other Pay/Bilingual Pay	892	6,993	3,956	3,956	7,912	12,239	(2)	55%	6,731	20%	2,448	25%	3,060
400049	Other Pay/Auto Allowance	4,200	4,200	2,100	2,100	4,200	4,200	(2)	55%	2,310	20%	840	25%	1,050
400050	Other Pay/Medical-In Lieu of	2,900	2,700	1,200	1,200	2,400	2,448		55%	1,346	20%	490	25%	612
400079	Comp Absences/WC-Prof-Mgt-Tec	-	1,486	4,187	-	4,187	4,187							
	Subtotal - Salaries & Wages	510,218	1,022,823	543,148	584,621	1,127,769	1,243,295			683,812		248,659		310,824
400103	P-Roll Ben/Medicare Tax-ER Shr	7,457	14,937	7,927	7,927	15,854	16,622	(3)	55%	9,142	20%	3,324	25%	4,155
400104	P-Roll Ben/PERS Benefits	117,805	-			-	-		55%	-	20%	-	25%	-
400105	P-Roll Ben/Health Insurance Be	65,719	146,557	72,230	72,230	144,460	151,455	(3)	55%	83,300	20%	30,291	25%	37,864
400106	P-Roll Ben/Dental Insurance	8,403	16,652	8,005	8,005	16,010	16,785	(3)	55%	9,232	20%	3,357	25%	4,196
400109	P-Roll Ben/Employee Assistance	236	430	237	237	474	497	(3)	55%	273	20%	99	25%	124
400110	P-Roll Ben/Professional Dev-Mg	2,252	3,728	1,985	1,985	3,970	4,162	(3)	55%	2,289	20%	832	25%	1,041
400111	P-Roll Ben/Vision	1,148	2,106	1,046	1,046	2,092	2,193	(3)	55%	1,206	20%	439	25%	548
400112	P-Roll Ben/Life Insurance	2,746	5,557	2,124	2,124	4,248	4,454	(3)	55%	2,450	20%	891	25%	1,113
400114	P-Roll Ben/Long Term Disabilit	4,778	9,408	4,943	4,943	9,886	10,365	(3)	55%	5,701	20%	2,073	25%	2,591
400116	P-Roll Ben/Unemployment Ins	1,368	1,860	3,116	3,116	6,232	6,534	(3)	55%	3,594	20%	1,307	25%	1,633
400117	P-Roll Ben/Personal/Prof Dev	700	750	-	750	750	786	(3)	55%	432	20%	157	25%	197
400121	P-Roll Ben/Worker Comp-Clerica	6,984	13,806	4,900	4,900	9,800	10,275	(3)	55%	5,651	20%	2,055	25%	2,569
400122	P-Roll Ben/Worker Comp-Prof	28,774	69,352	30,402	30,402	60,804	63,748	(3)	55%	35,062	20%	12,750	25%	15,937
400127	P-Roll Ben/OPEB	19,169	39,338	21,052	21,052	42,104	44,143	(3)	55%	24,279	20%	8,829	25%	11,036
400130	P-Roll Ben/PARS Benefits	706	642	256	256	512	537	(3)	55%	295	20%	107	25%	134
400149	P-Roll Ben/Misc	-	123,021	67,696	67,696	135,392	141,948	(3)	55%	78,071	20%	28,390	25%	35,487
400151	P-Roll Ben/Misc (UAL)	-	162,985	114,644	114,644	229,288	240,391	(3)	55%	132,215	20%	48,078	25%	60,098
	Subtotal Fringe Benefits	268,246	611,127	340,563	341,313	681,876	714,894			393,192	3	142,979	4	178,724
400201	Prof Svcs/Professional Svcs	31,757	32,112	9,434	29,434	38,867	17,500	(4)	55%	9,625	20%	3,500	25%	4,375
400206	Prof Svcs/Legal Serv Cost	168,375	137,614	77,080	122,920	200,000	210,000	(5)	9%	18,900	74%	155,400	17%	35,700
400220	Prof Svcs/Info Tech Services	14,376	2,375	-	-	-	-		55%	-	20%	-	25%	-
400241	Travel & Trng/Meal Allowance	-	359	-	200	200	204		55%	112	20%	41	25%	51
400242	Travel & Trng/Mileage	38	1,284		1,200	1,200	1,224		55%	673	20%	245	25%	306
400243	Travel & Trng/Conf, Mtng Trng	-	280		300	300	1,500	(6)	55%	825	20%	300	25%	375
400245	Travel & Trng/Tuition Rmb/Cert	800	800		800	800	800	(7)	55%	440	20%	160	25%	200

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499246	Travel & Trng/Registration Fee	60	-		-	-	-		55%	-	20%	-	25%	-
400261	Dues & Pub/Memberships & Dues	-	824		1,650	1,650	1,650	(8)	55%	908	20%	330	25%	413
400263	Dues & Pub/Subscription	-	1,500		-	-	-		55%	-	20%	-	25%	-
400271	Ad & Promo/Advertising & Promotional Materials	1,797	1,559	705	705	1,410	200	(9)	55%	110	20%	40	25%	50
400272	Ad & Promo/Community Events	3,762	1,563	1,722	1,722	3,444	3,513		55%	1,932	20%	703	25%	878
400280	Adm Exp/Program Supplies	-	5,292	634	634	1,268	3,525	(10)	55%	1,939	20%	705	25%	881
	Subtotal Prof & Admin Services	220,964	185,563	89,575	159,565	249,139	240,116			35,464	3	161,423	3	43,229
400231	Off Exp/Postage & Mailing	25,175	10,849	3,573	3,573	7,146	25,432	(11)	55%	13,988	20%	5,086	25%	6,358
400232	Off Exp/Printing & Binding	2,938	12,071	2,062	2,062	4,124	27,181	(12)	55%	14,950	20%	5,436	25%	6,795
400233	Off Exp/Copying & Duplicating	1,325	46	-	-	-			55%	-	20%	-	25%	-
400304	Rental Exp/Equipment Rental	2,928	8,721	4,000	4,000	8,000	8,000	(13)	55%	4,400	20%	1,600	25%	2,000
400321	Misc Exp/Misc Contrib	-	3,000	-	-	2,000	3,000	(14)	55%	1,650	20%	600	25%	750
400322	Misc Exp/Misc Exp	4,410	3,061	1,434	1,434	2,868	2,925		55%	1,609	20%	585	25%	731
400341	Off Supp/Office Supplies	9,084	8,721	3,331	3,331	6,662	6,795		55%	3,737	20%	1,359	25%	1,699
400344	Off Supp/Computer Supplies	2,561	18	783	783	1,566	-		55%	-	20%	-	25%	-
	Subtotal Other Operating	48,421	46,486	15,183	15,183	32,366	73,334			40,334	2	14,667	2	18,333
400401	Utilities/Tel & Telegraph	-	254	139	139	278	284		55%	156	20%	57	25%	71
400552	Prov Fr Ins Loss/Ins Gen Liab	-	8,029	7,491	1,200	8,691	8,865		55%	4,876	20%	1,773	25%	2,216
400574	Cost Pool/(ISF)-Gen Liab	26,138	55,701	45,631	45,631	91,262	93,087		55%	51,198	20%	18,617	25%	23,272
400586	Cost Pool/(CAP)-Admin Charges	51,454	51,454	25,726	25,726	51,452	52,481		55%	28,865	20%	10,496	25%	13,120
400591	Cost Pool/(IND)Civic Ctr Alloc	52,275	52,420	23,512	23,512	47,024	47,964		55%	26,380	20%	9,593	25%	11,991
400601	Noncap Asst/Comp Hrdware<5K	-	-	5,259	-	5,259	1,100	(15)	55%	605	20%	220	25%	275
400604	Noncap Asst/Furniture <5K	528	13,328	-	-	-	-		55%	-	20%	-	25%	-
	TOTAL EXPENSES	1,178,245	2,047,186	1,096,227	1,196,889	2,295,116	2,475,420			1,264,881	10	608,484	11	602,055
	TOTAL BUDGET (b)	2,425,338	2,804,925	1,396,405	624,171	2,923,584	2,896,242			1,496,333		692,648		707,260
	NET OPERATING SURPLUS (DEFICIT)	701,888	142,884	1,168,249	(846,590)	319,659	134,355							

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		Historical Actuals		Current Year 2019-20			Projections										
Object #	City Account Description	2017-18	2018-19	Actuals to	Projected to	Total	2020-21	Variance	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
REVENUES																	
340445	Fees/Admin Fees	1,878,958	2,189,703	2,264,071	349,999	2,614,070	2,609,056	(1)	2,661,237	2,714,462	2,768,751	2,824,126	2,880,609	2,938,221	2,996,985	3,056,925	3,118,063
361701	Int & Invest/Pooled-All Other	1,175	367	405	300	705	719	%	733	748	763	778	794	810	826	843	859
	TOTAL REVENUES	1,880,133	2,190,070	2,264,476	350,299	2,614,775	2,609,775		2,661,971	2,715,210	2,769,514	2,824,904	2,881,403	2,939,031	2,997,811	3,057,767	3,118,923
EXPENSES																	
Salaries & Wages																	
400001	Salaries & Wages/Executive	252,053	530,092	306,070	333,524	639,594	672,384	(2)	685,832	699,548	713,539	727,810	742,366	757,214	772,358	787,805	803,561
400002	Salaries & Wages/Mgmt-Local 21	153,348	294,152	143,741	124,091	267,832	303,872	(2)	309,949	316,148	322,471	328,921	335,499	342,209	349,053	356,034	363,155
400003	Salaries & Wages/Local 1021	40,563	128,866	51,613	88,522	140,135	199,116	(2)	203,098	207,160	211,303	215,530	219,840	224,237	228,722	233,296	237,962
400006	Salaries & Wages/PT-Temp	52,250	49,557	28,187	28,285	56,472	43,036	(2)	43,897	44,775	45,670	46,584	47,515	48,466	49,435	50,424	51,432
400031	Overtime/General	4,013	4,778	2,094	2,942	5,036	6,000	(2)	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	7,171
400048	Other Pay/Bilingual Pay	892	6,993	3,956	3,956	7,912	12,239	(2)	12,484	12,733	12,988	13,248	13,513	13,783	14,059	14,340	14,627
400049	Other Pay/Auto Allowance	4,200	4,200	2,100	2,100	4,200	4,200	#	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
400050	Other Pay/Medical-In Lieu of	2,900	2,700	1,200	1,200	2,400	2,448	%	2,497	2,547	2,598	2,650	2,703	2,757	2,812	2,868	2,926
400079	Comp Absences/WC-Prof-Mgt-Tec	-	1,486	4,187		4,187			-	-	-	-	-	-	-	-	-
	Subtotal - Salaries & Wages	510,218	1,022,823	543,148	584,621	1,127,769	1,243,295		1,268,077	1,293,354	1,319,138	1,345,436	1,372,261	1,399,622	1,427,531	1,455,997	1,485,033
Fringe Benefits																	
400103	P-Roll Ben/Medicare Tax-ER Shr	7,457	14,937	7,927	7,927	15,854	16,622	(3)	16,953	17,291	17,636	17,987	18,346	18,712	19,085	19,465	19,854
400104	P-Roll Ben/PERS Benefits	117,805	-			-	-		-	-	-	-	-	-	-	-	-
400105	P-Roll Ben/Health Insurance Be	65,719	146,557	72,230	72,230	144,460	151,455	(3)	154,474	157,553	160,694	163,898	167,166	170,499	173,898	177,366	180,903
400106	P-Roll Ben/Dental Insurance	8,403	16,652	8,005	8,005	16,010	16,785	(3)	17,120	17,461	17,809	18,164	18,526	18,896	19,273	19,657	20,049
400109	P-Roll Ben/Employee Assistance	236	430	237	237	474	497	(3)	507	517	527	538	549	559	571	582	594
400110	P-Roll Ben/Professional Dev-Mg	2,252	3,728	1,985	1,985	3,970	4,162	(3)	4,245	4,330	4,416	4,504	4,594	4,686	4,779	4,874	4,972
400111	P-Roll Ben/Vision	1,148	2,106	1,046	1,046	2,092	2,193	(3)	2,237	2,282	2,327	2,373	2,421	2,469	2,518	2,569	2,620
400112	P-Roll Ben/Life Insurance	2,746	5,557	2,124	2,124	4,248	4,454	(3)	4,542	4,633	4,725	4,820	4,916	5,014	5,114	5,216	5,320
400114	P-Roll Ben/Long Term Disabilit	4,778	9,408	4,943	4,943	9,886	10,365	(3)	10,571	10,782	10,997	11,216	11,440	11,668	11,901	12,138	12,380
400116	P-Roll Ben/Unemployment Ins	1,368	1,860	3,116	3,116	6,232	6,534	(3)	6,664	6,797	6,932	7,071	7,212	7,355	7,502	7,652	7,804
400117	P-Roll Ben/Personal/Prof Dev	700	750		750	750	786	(3)	802	818	834	851	868	885	903	921	939
400121	P-Roll Ben/Worker Comp-Clerica	6,984	13,806	4,900	4,900	9,800	10,275	(3)	10,479	10,688	10,901	11,119	11,340	11,566	11,797	12,032	12,272
400122	P-Roll Ben/Worker Comp-Prof	28,774	69,352	30,402	30,402	60,804	63,748	(3)	65,019	66,315	67,637	68,985	70,361	71,764	73,195	74,654	76,143
400127	P-Roll Ben/OPEB	19,169	39,338	21,052	21,052	42,104	44,143	(3)	45,023	45,920	46,836	47,769	48,722	49,693	50,684	51,695	52,726
400130	P-Roll Ben/PARS Benefits	706	642	256	256	512	537	(3)	547	558	570	581	592	604	616	629	641
400149	P-Roll Ben/Misc	-	123,021	67,696	67,696	135,392	141,948	(3)	144,777	147,663	150,607	153,610	156,672	159,796	162,982	166,233	169,548
400151	P-Roll Ben/Misc (UAL)	-	162,985	114,644	114,644	229,288	240,391	(3)	245,182	250,070	255,055	260,140	265,326	270,617	276,013	281,517	287,131
	Subtotal Fringe Benefits	268,246	611,127	340,563	341,313	681,876	714,895		729,144	743,679	758,504	773,626	789,050	804,783	820,830	837,198	853,894
Prof & Admin Services																	
400201	Prof Svcs/Professional Svcs	31,757	32,112	9,434	29,434	38,867	17,500	(4)	42,850	43,707	44,581	45,473	46,382	47,310	48,256	49,221	50,206
400206	Prof Svcs/Legal Serv Cost	168,375	137,614	77,080	122,920	200,000	210,000	(5)	214,200	218,484	222,854	227,311	231,857	236,494	241,224	246,048	250,969
400220	Prof Svcs/Info Tech Services	14,376	2,375	-	-	-		(15)	25,000	25,500	26,010	26,530	27,061	27,602	28,154	28,717	29,291
400241	Travel & Trng/M meal Allowance	-	359	-	200	200	204	%	208	212	216	221	225	230	234	239	244
400242	Travel & Trng/Mileage	38	1,284		1,200	1,200	1,224	%	1,248	1,273	1,299	1,325	1,351	1,378	1,406	1,434	1,463
400243	Travel & Trng/Conf, Mtng Trng	-	280		300	300	1,500	(6)	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793
400245	Travel & Trng/Tuition Rmb/Cert	800	800		800	800	800	#	800	800	800	800	800	800	800	800	800
499246	Travel & Trng/Registration Fee	60	-	-	-	-	-		-	-	-	-	-	-	-	-	-
400261	Dues & Pub/Memberships & Dues	-	824		1,650	1,650	1,650	(7)	2,100	2,400	2,448	2,497	2,547	2,598	2,650	2,703	2,757
400263	Dues & Pub/Subscription	-	1,500	-	-	-	-		-	-	-	-	-	-	-	-	-
400271	Ad & Promo/Advertising & Promo	1,796.77	1,559	705	705	1,410	200	(8)	204	208	212	216	221	225	230	234	239
400272	Ad & Promo/Advertising & Promo	3,762	1,563	1,722	1,722	3,444	3,513	%	3,583	3,655	3,728	3,802	3,879	3,956	4,035	4,116	4,198
400280	Adm Exp/Program Supplies	-</															

As of March 2020																	
400401	Utilities/Tel & Telegraph	-	254	139	139	278	284	%	289	295	301	307	313	319	326	332	339
400552	Prov Fr Ins Loss/Ins Gen Liab	-	8,029	7,491	1,200	8,691	8,865	%	9,042	9,223	9,407	9,596	9,787	9,983	10,183	10,387	10,594
400574	Cost Pool/(ISF)-Gen Liab	26,138	55,701	45,631	45,631	91,262	93,087	%	94,949	96,848	98,785	100,761	102,776	104,831	106,928	109,067	111,248
400586	Cost Pool/(CAP)-Admin Charges	51,454	51,454	25,726	25,726	51,452	52,481	%	53,531	54,601	55,693	56,807	57,943	59,102	60,284	61,490	62,720
400591	Cost Pool/(IND)Civic Ctr Alloc	52,275	52,420	23,512	23,512	47,024	47,964	%	48,924	49,902	50,900	51,918	52,957	54,016	55,096	56,198	57,322
400601	Noncap Asst/Comp Hrdware<5K	-	-	5,259	-	5,259	1,100	(14)	1,122	1,144	1,167	1,191	1,214	1,239	1,264	1,289	1,315
400604	Noncap Asst/Furniture <5K	528	13,328	-	-	-	-		-	-	-	-	-	-	-	-	-
	TOTAL EXPENSES	1,178,245	2,047,186	1,096,227	1,196,889	2,295,116	2,475,420		2,549,288	2,600,383	2,652,242	2,705,139	2,759,093	2,814,127	2,870,261	2,927,518	2,985,920
	NET OPERATING SURPLUS (DEFICIT)	701,888	142,884	1,168,249	(846,590)	319,659	134,355		112,683	114,827	117,272	119,766	122,309	124,904	127,550	130,249	133,003
	RESERVES - \$	-	55,339	-	-	374,998	509,353		622,036	736,863	854,135	973,901	1,096,210	1,221,114	1,348,664	1,478,913	1,611,916
	RESERVES - %	0.0%	2.7%			16.3%	20.6%		24.4%	28.3%	32.2%	36.0%	39.7%	43.4%	47.0%	50.5%	54.0%

Assumptions:

1 Fees/Admin Fees:

		<i>Estimated Revenue</i>
Partially Covered Units:	# units	10,251
	Fee	\$ 124
		\$ 1,271,124
Fully Covered Units:	# units	7,433
	Fee	\$ 219
		\$ 1,627,827
Total fees		\$ 2,898,951
Portion expected to be collected		0.90
Total		<u>\$ 2,609,056</u>

2 Salaries and wages - see separate tab

3 Fringe benefits are projected at 57.5% of salaries and wages.
The total fringe calculated in this manner is spread proportionately to each type of fringe benefit based on historical proportions.

4 Prof Svcs/Professional Svcs:

	<i>Estimated Expense</i>
Financial Consulting	\$ -
DataTree	3,500
WestLaw	4,000
Translation Services	10,000
Total	<u>\$ 17,500</u>

In subsequent years, \$25,000 for financial consulting is projected.

5 Prof Svcs/Legal Serv Cost:

	<i>Estimated Expense</i>
Community Services Contracts	\$ 200,000
Outside Legal Counsel	10,000
Total	<u>\$ 210,000</u>

6 Travel & Trng/Conf, Mtng Trng - cost of sending one staff attorney to mediation training

7 Dues & Pub/Memberships & Dues - Bar Association dues for 3 attorneys. Dues expected to be \$550 per attorney in FY2020-21, increasing to \$800 per attorney in the next 2 years.

8 Ad & Promo/Advertising & Promo - 2 newspaper adds @\$100.

9 Adm Exp/Program Supplies:

Item	<i>Cost per Item</i>	<i>Quantity</i>	<i>Estimated Expense</i>
Emails for Rent Boardmembers	\$ 100	12	\$ 1,200
Food for Rent Board Meetings	75	15	1,125
Business Cards	50	12	600

Labor for Mural Touch Up	40	15	600
Total			\$ 3,525

10 Postage & Mailing:

	<i>Postage Rate</i>	<i>Quantity</i>	<i>Estimated Expense</i>
Letter Project	0.29	5,000	1,450
Postcard Project	0.29	5,000	1,450
Original Invoicing	0.29	5,716	1,658
Late Fee Invoice	0.29	1,905	553
Notice of Apparent Lawful Rent Ceiling	0.29	14,866	4,311
Rent Validation Report	0.29	14,866	4,311
Guide to Rent Control	0.50	23,400	11,700
Total			\$ 25,432

In subsequent years, 3,000 copies of the Guide to Rent Control are expected to be mailed

11 Printing & Binding:

	<i>Printing Rate</i>	<i>Quantity</i>	<i>Estimated Expense</i>
Letter Project	0.05	5,000	250
Postcard Project	0.22	5,000	1,100
Original Invoicing	0.05	5,716	286
Late Fee Invoice	0.05	1,905	95
Notice of Apparent Lawful Rent Ceiling	0.05	15,604	780
Rent Validation Report	0.05	15,604	780
Guide to Rent Control	0.85	23,400	19,890
General Print Materials			4,000
Total			\$ 27,181

In subsequent years, 3,000 copies of the Guide to Rent Control are expected to be mailed and 3,000 for general use.

12 Rental Exp/Equipment Rental - Lease of Ricoh copiers including cost per copy. 36 month lease ending in 2022. We expect to renew the lease.

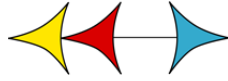
13 Misc Exp/Misc Exp - Stipends for 2 UC Berkeley Public Service Center interns, ranging from \$1000-\$1500 per student

14 Noncap Asst/Comp Hrdware<5K - One computer purchase per year @1100

15 Prof Svcs/Info Tech Services - IT services needed to implement critical database improvements. Given the fragility of the City's database, such funds are expected to continue each year

Expense is capped at same amount as previous year

% All other revenues and expenses escalated by 2% per year based on projected ending 2019-20 balances



Kevin W. Harper CPA & Associates

March 12, 2020

Ms. Paige Roosa
Deputy Director
City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Ms. Roosa:

The Rent Program engaged me to:

1. Develop and present a ten-year financial projection of revenues, expenditures and reserves for the Rent Program, including consideration of the historical rate of collection of the Rental Housing Fee and assumptions for future collection rates.
2. Provide recommendations on how to meet the Rental Program's goal of building 17% operating reserves by the close of the 2020-21 fiscal year, and how best to achieve long-term financial stability in a manner that is consistent with all applicable laws and regulations including but not limited to Section 50076 of the California Government Code.
3. Provide recommendations regarding financial and budgetary "best practices" to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board.

During the project, I reviewed relevant Rent Board and City of Richmond documents, gained an understanding management's goals and concerns, researched relevant best practices, and participated in working meetings to develop projection assumptions.

The ten-year financial projection is include as Attachment I. Following are my observations and recommendations:

FINANCIAL STABILITY RECOMMENDATIONS

1. Maximizing revenue

A significant challenge for the Rent Program is identifying all units that are subject to the Rental Housing Fee. To date, units have been identified by sending postcards to occupants of units, crosschecking list of units with other City programs, and obtaining information from the City Planning Division. Although not

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definitively known at this time, Rent Program staff believe as much as 25% of partially covered units may not yet be identified and billed. If partially covered units increased by 25% (~2500 units), revenue would increase by approximately \$1 million per year. The Rent Program should expand efforts to identify additional units by performing regular review of Zillow and other online rental platforms. Additionally, tenants, landlords and other stakeholders should be regularly encouraged to help identify units that should be in the program.

2. Inflationary increase for Rental Housing Fee

The City includes an inflationary increase in most of its fees when it adopts its Master Fee Schedule each year. It determines the percentage increase based on the Employment Cost Index from the US Bureau of Labor Statistics. The Rent Board does not include inflationary increases for its fees. Large increases every few years are harder than smaller increases every year for both the Rent Board and the landlords. A steady planned increase in the fee allows planning by both parties, is consistent with the Rent Board's need to match revenues and expenditures, and is logical to landlords. In years when an inflationary increase is not adequate to meet the Rent Board's needs, then it will be easy to identify to stakeholders what the additional costs are for.

The Rent Board should consider increasing fees each year based on an inflationary estimate. Staff should investigate the legal and political issues before adopting.

3. Reserve policy

The Government Finance Officers Association (GFOA) recommends that governments should maintain a prudent level of financial reserves to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Reserve funds may be used at the Rent Board's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities.

The Rent Board should adopt a Reserve Policy that addresses the following:

- The purpose for the reserve funds
- Under what circumstances the reserve funds may be used
- The amount of the reserve funds, including how the amount was determined and the minimum and maximum reserve levels
- How and when reserve funds are initially built
- How and when the reserves will be replenished after they are fully or partially used

Regarding the appropriate amount of reserves, GFOA recommends:

The adequacy of [reserves] should take into account each government's own unique circumstances. For example, governments that may be vulnerable to natural disasters, more dependent on a volatile revenue source, or potentially subject to cuts in state aid and/or federal grants may need to maintain a higher level in the unrestricted fund balance. Articulating these risks in a fund balance policy makes it easier to explain to stakeholders the rationale for a seemingly higher than normal level of fund balance that protects taxpayers and employees from unexpected changes in financial condition. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments,

regardless of size, maintain unrestricted budgetary fund balance...of no less than two months of regular ... operating revenues or ... operating expenditures.

Via discussions with Rent Program management, it has been determined that 17% minimum reserve is an acceptable target. We discussed worst case scenario estimates of revenue losses during an economic downturn and determined that such level of reserves would allow time for the Rent Program to identify the downturn and the Rent Board time to make decisions to cut expenses to match the new level of revenue. 17% of annual expenditures equates to approximately \$470,000.

The reserve level is \$55,339 at June 30, 2019. As shown in the ten-year projection at Attachment I, fiscal year 2019-20 is expected to end with a \$319 thousand surplus and fiscal year 2020-21 with a \$134 thousand surplus. Accordingly, it appears that the Rent Program can fund its reserves by June 30, 2021.

The Reserve Policy should clarify what action the Board and senior management will take when revenues decline due to recession or conversion/reduction in the number of applicable units. Without such plan, it may take too long to adjust service offerings and expenses to match the decline in revenues, thereby causing unneeded financial stress.

The City's financial system has the capability to set up a separate account within the fund balance group of accounts for reserves. The Rent Program should work with Accounting to set this up. This will allow the Rent Program to track the amount of reserves at any moment, to assure that the City agrees with the amount of reserves available, and allows easy proof of compliance with the new reserve policy.

4. Fee policy

The Rent Board should adopt a policy that identifies the manner in which fees are established, billed and collected. Stakeholders should be given an opportunity to provide input into formulation of this policy via one or more community budget workshops. This will increase community understanding and support for the program, and allow management to better understand the needs and concerns of its stakeholders. Costs of service include direct and indirect costs such as operating and maintenance costs, City overhead allocations, and charges for use of capital (depreciation and debt service). State and local laws governing the establishment of fees should be identified in the policy.

The Fee Policy should also address:

- How penalties and interest are determined and billed
- The process for increasing (or decreasing) fees
- Require fee study to demonstrate the need for the amount of fees collected. See recommendation #11 below.
- Identify the process for determining that a unit is eligible for exemption, including required documentation

The Fee Policy should be supplemented with related written procedures. GFOA recommends every government document its accounting procedures "...as an essential component of a comprehensive framework of internal controls." Documentation of comprehensive accounting procedures will allow:

ITEM G-1 ATTACHMENT 2

- o Management to understand and evaluate whether procedures provide adequate internal controls and mitigation of risks
- o Employees to review and revise procedures as circumstances, laws, technology and accounting standards change
- o Internal and external auditors to assess the adequacy of the Rent Program's internal controls
- o New employees to be trained to provide consistent service and quality upon staff turnover

5. City allocations

The City allocates the cost of providing shared services (e.g., accounting, human resources, information technology, legal, insurance, facilities, management) to all City departments. For fiscal year 2018-19, the amounts charged to the Rent Program were:

City Pool/(ISF)-Gen Liab	\$91,262
City Pool/(CAP)-Admin Charges	51,452
City Pool/(IND)-Civic Ctr Alloc	<u>47,024</u>
	<u>\$189,738</u>

Since the Rent Program is essentially an independent agency rather than a City departments, it is possible that it is being charged for City services that are not utilized. For example, if the City allocations include legal costs, the fact that the Rent Program hires its own attorneys may not have been adequately contemplated in the allocations.

Rent Program staff should work with Accounting to understand how the indirect costs are calculated and allocated, and then should determine whether the amounts being charged to the Rent Program are reasonable. If not, begin negotiations with the City for relief from the allocations.

6. Comparisons to peers

There are rent programs in other communities that face similar challenges and opportunities as the Richmond Rent Program. There are many benefits of sharing learnings and non-confidential information with these other programs. Examples of topics that the Rent Program might benefit from shared knowledge includes (a) expected impact on revenue when an economic downturn is predicted, (b) how to identify units subject to the housing fee, (c) staff composition and compensation, (d) cost of operations, (e) stakeholder communications. The Rent Program should identify a few similar rent programs and build a community to share learnings.

BUDGET RECOMMENDATIONS

7. Budget policy

The Rent Program does not have its own budget policy. Although the City has a budget policy, it is not applicable to the Rent Board's budget adoption process because the Rent Ordinance gives authority to the Rent Board to adopt the Rent Program's budgets. The GFOA recommends that governments follow the National Advisory Council on State and Local Budgeting (NACSLB) framework. This framework states that "the mission of the budget process is to help decision makers make informed choices about the

provision of services and capital assets and to promote stakeholder participation in the process.” The framework can be found at https://www.gfoa.org/sites/default/files/NACSLB_RecommendedBudgetPractices.pdf.

According to NACSLB, the budget process should accomplish the following:

- Involve stakeholders
- Identify stakeholder issues and concerns
- Obtain stakeholder support for the overall budgeting process
- Achieve stakeholder acceptance of decisions related to goals, services, and resource utilization
- Report to stakeholders on services and resource utilization, and serve generally to enhance the stakeholders’ view of government

The Rent Board should adopt a budget policy. This policy should cover at a minimum:

- Overview of budget process and purpose
- How stakeholder input is obtained
- The definition of a balanced budget
- Roles and responsibilities related to preparation, approval and managing the budget
- Quarterly financial reports showing budget vs. actual revenues and expenditures reviewed by senior management and the Rent Board
- Authorization needed to revise the budget (e.g., when can savings in one line item be used for another?)
- Legal level of budgetary control
- Key dates
- Whether unused appropriations lapse at year end or are automatically reappropriated
- Limit the use of one-time revenues for ongoing expenditures

The Budget Policy should be supplemented with related written procedures that describe what tasks individual employees perform to accomplish the Board’s policy, who is responsible for each task, what internal controls are to be followed and what forms will be used to document approvals and audit trails.

8. Budget format

The annual budget should be prepared following account titles and account numbers in the City’s chart of accounts in order to facilitate recording the budget in the financial system. The budget should be broken down by quarters in order to facilitate preparation of quarterly financial reports that show budget vs actual revenues and expenditures.

Assumptions related to each budget line item should be documented during the budget preparation process. These assumptions should include:

- The rate of inflation assumed, how it was estimated, and what line items it was applied to
- The number of rental units anticipated and how estimated
- The percentage of fees expected to be collected and how estimated
- A list of all authorized staff positions and the expected salaries and benefits related to each
- Allocations of indirect costs from the City
- Expenses related to capital projects or new capital assets

- New contracts expected to be entered into
- Additions to reserves

Attachment II is a recommended sample budget format.

9. Ten-year projection

Long-term financial planning stimulates discussion about the financial impact of an organization's plans and objectives, and engenders a long-range perspective for decision makers. A multi-year financial projection is a tool to minimize financial challenges, stimulate long-term and strategic thinking, gain consensus on long-term financial direction, and communicate plans with internal and external stakeholders.

As part of this project, we assisted the Rent Program to develop the format and process for preparing a ten-year financial projection. See Attachment I for the ten-year financial projection document.

A key element of the projection document is that it is prepared the same way, and in the same level of detail as the annual budget. Projection assumptions are documented in the same way as are assumptions for the budget. The first year of the ten-year projection should become the first draft of the Rent Program's annual budget. The ten-year projection should be updated each year by adding an additional year of projection, reviewing and updating previous assumptions used, and considering new information or management plans.

10. Budget vs. actual quarterly report

A key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done to allow management time to make adjustments if necessary to expenditures, policies or operations. The best way to monitor budget vs. actual results is to prepare a quarterly financial report that is reviewed by management and the Board. Although this budget vs. actual report is an internal management document, it should be reviewed by the Rent Board at a public meeting. Attachment III is a proposed format for the quarterly budget vs. actual financial report.

Key elements of this budget vs. actual report are:

- It is initially prepared at the same level of detail as the budget.
- Significant variances between budgeted and actual amounts are identified, explained and documented. Operating managers will frequently need to be consulted to understand the reasons for variances. It is important to quantify variances that are explained. It is better to thoroughly research and explain very large variances than to do a more cursory explanation of many variances. The variances should be documented on the budget vs. actual financial report.
- The line items of the budget vs. actual report can be rolled up to present less detail depending on the needs of each user. For example, you may want a one-page easy-to-read version for the Board, and may want all detail for a department manager. Whenever there is a rollup, it is important to keep a clear record of which account numbers roll up to which new categories to facilitate explanations and comparisons.

11. Fee study

California Government Code Section 50076 requires that governments charge fees in amounts commensurate with the costs necessary to provide the related services to the fee payers. The Rent Program demonstrates the reasonableness of its fees via calculations performed in a Fee Study. I reviewed the Rent Program's Fee Study, including the methodology used. The methodology and documentation appear reasonable. I have the following observations:

- The Rent Program's expenditures are allocated among three components or layers as follows: Program Layer 55%, Just Cause for Eviction Layer 20%, and Rent Control Layer 25%. Fully covered units pay the fee related to all three layers and partially covered units pay the fee related to the Program and Just Cause for Eviction layers only. The percentage of costs that are allocated to these layers is based on management estimate of the amount of time staff spend performing such tasks. The Rent Program should conduct a time study to determine and document that these percentages are accurate.
- A Fee Study is necessary to ensure that the fees charges to landlords are commensurate with the level of services provided. Such Fee Study is not required to be conducted every year. If there are no significant changes in the costs and fees from one year to the next (e.g., only inflationary increases), a Fee Study is not necessary. Most organizations update fee studies when fee increases are sought and otherwise every 3 to 5 years.

* * * * *

I would be pleased to discuss these recommendations in more detail or to assist with their implementation.

Sincerely,


Kevin W. Harper

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: Given the current stay at home order and the City of Richmond's declaration of local emergency, many businesses are closed and Richmond Residents are understandably home-bound. To engage their rights under the Rent Ordinance, Landlords and Tenants are required to engage in activities that may conflict with the stay at home order. For instance, under current regulations, to participate in a hearing or appeals sessions, the parties are required to make personal appearances, which occurs in a confined space that often time cannot accommodate the social distancing requirements outlined by health officials. Recognizing the health risks presented by such requirements of personal appearances and other Regulations, staff members are recommending the adoption of an emergency Regulation that would do the following: (1) permit the conducting of hearing and appeals through telecommunication and/or videoconferencing; (2) permit the service of documents be performed via email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☒ Regulation	☐ Other:
☐ Contract/Agreement	☐ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: ADOPT emergency regulation 20-01 to: (1) Permit the conduction of hearing and appeals through telecommunications and/or videoconferencing; (2) Allow that any document tied to hearings and appeals be served by email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

H-1.

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AGENDA REPORT

DATE: May 20, 2020

TO: Chair Maddock and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director

SUBJECT: PROPOSED EMERGENCY REGULATIONS ALTERING HEARING AND APPEALS PROCEDURES DURING DECLARED STATEWIDE AND LOCAL EMERGENCIES

STATEMENT OF THE ISSUE:

Given the current stay at home order and the City of Richmond's declaration of local emergency, many businesses are closed and Richmond Residents are understandably home-bound. To engage their rights under the Rent Ordinance, Landlords and Tenants are required to engage in activities that may conflict with the stay at home order. For instance, under current regulations, to participate in a hearing or appeals sessions, the parties are required to make personal appearances, which occurs in a confined space that often time cannot accommodate the social distancing requirements outlined by health officials. Recognizing the health risks presented by such requirements of personal appearances and other Regulations, staff members are recommending the adoption of an emergency Regulation that would do the following: (1) permit the conducting of hearing and appeals through telecommunication and/or videoconferencing; (2) permit the service of documents be performed via email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted.

RECOMMENDED ACTION:

ADOPT emergency regulation 20-01 to: (1) Permit the conduction of hearing and appeals through telecommunications and/or videoconferencing; (2) Allow that any document tied to hearings and appeals be served by email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted – Rent Program (Nicolas Traylor 620-6564).

FISCAL IMPACT:

There is no fiscal impact related to this item.

DISCUSSION:

Background

Given the spread of the novel coronavirus ("COVID-19"), on March 4, 2020, the Governor declared a state of emergency to strengthen California's response to the virus. On March 10, 2020, Contra Costa County declared a local emergency to aid the regional healthcare and governmental community in responding to COVID-19. On March 13, 2020, the President of the United States declared a national emergency and made emergency funding available to assist states and local governments in preventing the spread of COVID-19. On that same day, the Contra Costa County Superior Court closed all its locations to the general public. On March 16, 2020, Contra Costa County issued a shelter in place order, prohibiting residence from leaving their homes except as to engage in certain essential activities, or receive certain essential services. On March 17, 2020, the City of Richmond City Manager declared a local emergency and issued an Order prohibiting certain types of evictions.

To comply with these various orders, many businesses have closed or allowed for their employees to work from home. All Richmond residents have been impacted by this shelter in place Order and many are in the "high risk" category if they were to contract COVID-19; however, despite the Order, many Richmond Residents are still facing issues that impact their home. Some Landlords are seeking Fair Return increases, while some Tenants are seeking habitability-related rent decreases. To properly engage their rights and obligations, Richmond Rent Board Regulations currently require parties to submit petitions via mail or in person. Additionally, the regulations require parties appear in person to present testimonial evidence and submit additional evidence if necessary. Recognizing the current environment of how business is conducted has significantly changed, staff members are recommending the adoption of an emergency Regulation that would do the following: (1) permit the conducting of hearing and appeals through telecommunication and/or videoconferencing; (2) permit the service of documents be performed via email; and (3) require that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted.

Proposed Emergency Regulations to Permit the Service of Documents be Performed by Email and to Allow the Conducting of Hearings and Appeals through Telecommunications and/or Videoconferencing.

The Proposed Emergency Regulations are streamlined to adequately address Landlords' and Tenants' need to engage their rights and obligations through the Richmond Rent Board petition process, while respecting the shelter in place order and local emergency declarations. As explained above, the Proposed Emergency Regulation strikes a balance between the various Orders and Rent Board regulations by expanding the method of service of any document related to hearings and appeals. Under the Proposed Emergency Regulation both the parties and Rent Program staff members may serve documents, related to hearings and appeals, via email. This

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solution both addresses concerns around entering crowded businesses to obtain supplies to mail documents and receiving documents that have been handled by another, while maintaining the expediency of the hearing and appeals process.

Additionally, the Proposed Emergency Regulation offers a common sense solution in abiding with the shelter in place Order by permitting the use of telecommunication and/or videoconferencing to conduct hearings and appeals. To ensure fairness in the process by way of adequate cross-examination and other evidentiary submissions, the Regulation would require both parties written consent to a telecommunicated and/or videoconference hearing prior to the hearing being conducted. Such a requirement would not attach to appeal sessions as such sessions do not regard the submission of evidence but rather are concerned with only argument.

Conclusion

Staff members recommend the Rent Board adopt Proposed Emergency Regulation 20-01 for the aforementioned reasons.

DOCUMENTS ATTACHED:

Attachment 1 – Resolution 20-01 with Attachment A Proposed Emergency Regulation

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**ITEM H-1
ATTACHMENT 1**

CITY OF RICHMOND RENT BOARD RESOLUTION NO. 20-01

**ADOPTING REGULATIONS FOR HEARING AND APPEALS PROCESSES AND
PROCEDURES DURING BOTH THE STATE OF CALIFORNIA'S DECLARED
EMERGENCY AND THE CITY OF RICHMOND'S LOCAL EMERGENCY DUE TO
THE IMPACTS OF THE NOVEL CORONAVIRUS (COVID-19) OUTBREAK IN
THE CITY OF RICHMOND**

WHEREAS, international, national, state, and local health and governmental authorities are responding to an outbreak of respiratory disease caused by a novel coronavirus named "SARS-CoV-2," and the disease it causes has been named "coronavirus disease 2019," abbreviated COVID-19; and

WHEREAS, on March 4, 2020, the Governor of the State of California declared a state of emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the state prepare for broader spread of COVID-19; and

WHEREAS, on March 10, 2020, the Contra Costa County Board of Supervisors and Contra Costa Health Services declared a local emergency and local public health emergency to aid the regional healthcare and governmental community in responding to COVID-19; and

WHEREAS, on March 13, 2020, the President of the United States of America declared a national emergency and announced that the federal government would make emergency funding available to assist state and local governments in preventing the spread of and addressing the effects of COVID-19; and

WHEREAS, on March 13, 2020, to respond to the unique and continuing public health and safety challenges presented by COVID-19, the Contra Costa County Superior Court closed all locations beginning Monday, March 16, 2020; and

WHEREAS, on March 16, 2020, the Health Officer of Contra Costa County issued an Order through April 7, 2020 that directed all individuals living in the county to shelter at their place of residence except that they may leave to provide or receive certain essential services or engage in certain essential activities and work for essential businesses and governmental services; and

WHEREAS, on March 17, 2020, the City Manager, in her role as the Director of Emergency Services, proclaimed the existence of a local emergency pursuant to Chapter 2.20 of the Richmond Municipal Code to ensure the availability of mutual aid and to effectuate the City's response to COVID-19; and

WHEREAS, the Centers for Disease Control and Prevention, the California Department of Health, and the Contra Costa County Department of Public Health have all issued recommendations including but not limited to social distancing, staying home if sick, canceling

ITEM H-1 ATTACHMENT 1

or postponing large group events, working from home, and other precautions to protect public health and prevent transmission of this communicable virus; and

WHEREAS, during this local emergency, and in the interest of protecting the public health and preventing transmission of COVID-19, it is essential to avoid unnecessary housing displacement, to protect the City's affordable housing stock, and to prevent housed individuals from falling into homelessness; and

WHEREAS, Richmond Municipal Code Section 11.100, et seq., requires that the Richmond Rent Program hold Hearings on matters concerning rent increases and decreases; and

WHEREAS, to comply with the edicts of Richmond Municipal Code Section 11.100, et seq., the Rent Board adopted a network of Regulations that created a Hearing and Appeals Process to ensure that Richmond Residents are able to engage their rights and understand their obligations under Richmond Municipal Code Section 11.100, et seq; and

WHEREAS, the Hearings and Appeals Process requires parties to submit various documents via mail and make in-person appearances before the Hearing Examiner, and if applicable, the Rent Board; and

WHEREAS, in complying with the Governor's stay-at-home order many Richmond Residents may fail to meet the Hearing and Appeals requirements enumerated in Richmond Rent Board Regulations Chapter 8; and

WHEREAS, to ensure Richmond Residents are able to adequately engage in the Richmond Rent Board's Hearing and Appeals Process, Richmond Rent Program Staff members are requesting that Richmond Rent Board adopt Regulation 20-01, which among other things would allow documents to be served via email, and permit Hearings and Appeals through videoconferencing and/or teleconferencing.

NOW, THEREFORE, BE IT RESOLVED THAT:

The City of Richmond Rent Board adopts the Regulations contained in Attachment A which will do the following:

- 1) Modify Richmond Rent Board Regulation Chapter 8 to permit the conducting of Hearings and Appeals via telecommunications and videoconferencing during the period of the declared statewide and local emergency due to Covid-19; and
- 2) Permits the service of documents to be performed via email; and
- 3) Requires that both parties agree to a hearing by telecommunication and/or videoconferencing prior to such a hearing being conducted;

Attachment A

Emergency Regulation No. 20-01
Hearing and Appeals Procedures During Declared Emergency

1. **Applicability.** Notwithstanding any Rent Board Regulation to the contrary, the entirety of these Regulations shall apply during the duration of the declared Shelter-in-place Order, and both the Contra-Costa and Richmond local emergencies declarations, whichever is the longest in duration, unless amended to state otherwise.
2. **Hearing Procedures.** In addition to the Petition Process and Hearings Procedures codified in Rent Board Regulation Chapter 8, the following shall apply:
 - A. **Submittal of Petitions and Objections.** Parties may submit Petitions, Objections and/or Responses via email to the Rent Board Clerk. All applicable deadlines remain unchanged.
 - B. **Service.** Service of all documents, either by the Richmond Rent Program Staff or Parties of a Petition, required by Rent Board Regulation Chapter 8, may be made via email. All applicable deadlines for service remain unchanged.
 - C. **Additional Evidence and Documentations.** Additional Evidence obtained prior to the Hearing, may be submitted to the opposing party and Rent Program Staff members via email. The deadline to submit such documentation and/or evidence remains unchanged.
 - D. **Continuance.** The grounds for a Continuance enumerated in Regulation 826, which is not an exhaustive list, shall be construed liberally and in all instances shall take into account the impact COVID-19 has had on City of Richmond Residents. Additionally, issues with technology and accessing appropriate mediums to engage fully in the hearing process shall be a substantial probative factor in determining the existence of good cause. If such a technological issue arises during the Hearing, with or without the request of the party impacted by the technical difficulties, the Hearing Examiner shall consider on the Record whether to continue the Hearing to a later date. Within that same Hearing, the Hearing Examiner shall state on the Record whether the matter will or will not be continued and the basis supporting their decision. All applicable deadlines to submit a Request for a Continuance remain unchanged, except where the Request for a Continuance is based on technical issues. Such a request may be made at the time of the Hearing. Finally, a Request for Continuance may be submitted via email to the Rent Board Clerk.
 - E. **Videoconference and Teleconferencing.** Hearings and Settlement Conferences may be held through methods of videoconferencing and teleconferencing; however, to protect and ensure the fairness of the hearings process, both parties must agree in writing to a Hearing conducted through videoconference and/or teleconference prior to such a Hearing being conducted.

Written agreement may be obtained through email correspondence confirming the parties' willingness to participate in a Hearing by videoconference and/or teleconference. Additionally, at the outset of both a settlement conference and/or Hearing, the Hearing Examiner shall reiterate that the parties agreed in writing to have a Hearing conducted through teleconference and/or videoconference and the Hearing Examiner shall obtain verbal confirmation of such written agreement.

3. Appeals Procedures. In addition to the Appeals Process Procedures codified in Rent Board Regulation Chapter 8, the following shall apply:

- A. Submittal of Appeals and Response.** Parties may submit Appeals and Responses to Appeals by email to the Rent Board Clerk. The deadline to submit an Appeal is thirty (30) calendar days after the receipt of the notice of the Hearing Examiner's Decision. Where Rent Program Staff members have emailed the Hearing Examiner's Decision to the parties, the parties are deemed to have received the Hearing Examiner's Decision on the same date the Rent Program Staff members emailed the parties. In such instances, the Appellant(s) shall not be afforded an additional five (5) days to submit their Appeal, but instead shall have thirty (30) calendar days from the date the Rent Program Staff members emailed the Hearing Examiner's Decision to the parties. All other applicable deadlines shall remain unchanged.
- B. Staff Attorney's Recommendation and Written Comments.** The Staff Attorney's Recommendation to adopt, reverse, remand, or modify the Hearing Examiner's Decision may be sent via email to the parties and Rent Boardmembers. Additionally, the parties' written comments to the Staff Attorney's recommendation may be submitted via email to the Rent Board Clerk. All applicable deadlines remain unchanged.
- C. Continuance.** The procedures for a Continuance enumerated in Regulation 842, shall be construed liberally and in all instances shall take into account the impact COVID-19 has had on City of Richmond Residents. Issues with technology and accessing appropriate mediums to engage fully in the appeals process shall be a substantial probative factor in determining the existence of good cause. If such a technological issue arises during the appeal session, with or without the request of the party impacted by the technical difficulties, the Rent Board Members shall consider on the Record whether to continue the Appeal Hearing to a later date. All applicable deadlines to submit a Request for Continuance remain unchanged, except where the Request for Continuance is based on technical issues. Such a request may be made at the time of the Appeal Hearing. Finally, a Request for Continuance may be submitted via email to the Rent Board Clerk.
- D. Videoconference and Teleconferencing.** At the discretion of the Richmond Rent Board, Appeals may be held through methods of videoconferencing and teleconferencing. Prior consent of the parties is not required as an Appeal Hearing is only concerned with argument and not evidence.

4. **Effective Date.** This Regulation will be effective immediately on the date when it is adopted by the Richmond Rent Board.

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 20, 2020

Final Decision Date Deadline: May 20, 2020

STATEMENT OF THE ISSUE: On February 20, 2019, the Rent Board adopted Resolution 19-01, which established additional terms of exemption for LIHTC units from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance in conformance with Regulation 202. Additionally, Resolution 19-01 requires Rent Program staff to compile a report to the Rent Board on the state of governmentally subsidized Rental Units in the City of Richmond based on program data. The Rent Program has prepared the required report to allow the Rent Board to determine overall compliance of LIHTC developments in Richmond and determine next steps regarding their exemption under Regulation 202.

INDICATE APPROPRIATE BODY

☐ City Council	☐ Redevelopment Agency	☐ Housing Authority	☐ Surplus Property Authority	☐ Joint Powers Financing Authority
☐ Finance Standing Committee	☐ Public Safety Public Services Standing Committee	☐ Local Reuse Authority	☒ Other: <u>Rent Board</u>	

ITEM

☐ Presentation/Proclamation/Commendation (3-Minute Time Limit)		
☐ Public Hearing	☐ Regulation	☐ Other:
☐ Contract/Agreement	☒ Rent Board As Whole	
☐ Grant Application/Acceptance	☐ Claims Filed Against City of Richmond	
☐ Resolution	☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759)	

RECOMMENDED ACTION: RECEIVE the 2019 Affordable Housing Report summarizing Low Income Housing Tax Credit (LIHTC) developments' compliance in Richmond and determine next steps in regards to LIHTC properties and their exemption under Regulation 202 – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

AGENDA ITEM NO:

I-1.

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AGENDA REPORT

DATE: May 20, 2020

TO: Chair Maddock and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director
Erika Foster, Graduate Student Fellow

SUBJECT: 2019 REPORT ON AFFORDABLE HOUSING COMPLIANCE WITH
RESOLUTION 19-01

STATEMENT OF THE ISSUE:

On February 20, 2019, the Rent Board adopted Resolution 19-01, which established additional terms of exemption for LIHTC units from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance in conformance with Regulation 202. Additionally, Resolution 19-01 requires Rent Program staff to compile a report to the Rent Board on the state of governmentally subsidized Rental Units in the City of Richmond based on program data. The Rent Program has prepared the required report to allow the Rent Board to determine overall compliance of LIHTC developments in Richmond and determine next steps regarding their exemption under Regulation 202.

RECOMMENDED ACTION:

RECEIVE the 2019 Affordable Housing Report summarizing Low Income Housing Tax Credit (LIHTC) developments' compliance in Richmond and determine next steps in regards to LIHTC properties and their exemption under Regulation 202 – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

FISCAL IMPACT:

There is no fiscal impact of receiving this report.

DISCUSSION:

Background

On November 15, 2017, the Rent Board adopted Regulation 202, exempting “Governmentally Subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent and Just Cause for Eviction Ordinance, and Regulation 204, which established the terms for this exemption.

In early 2018, residents at Heritage Park at Hilltop Apartments, a Low-Income Housing Tax Credit (LIHTC) development for individuals 55 years or older, voiced concerns to the Rent Board about receiving rent increases in excess of 10%. In response, the Richmond Rent Board adopted Resolution 19-01 and amended Regulation 204, which established additional terms of exemption for LIHTC developments from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Additionally, the resolution requires Rent Program staff to compile information on Low Income Housing Tax Credit (LIHTC) properties in a report that provides the Rent Board a comprehensive overview of their compliance during the 2019 calendar year. This report will help the Rent Board decide whether to maintain LIHTC properties’ exemption from rent control, as permitted by Regulation 202.

Contents of Attached Report

1. Overview of Regulation 202 and Resolution 19-01.
2. Overview of Richmond’s affordable housing stock
3. Overview of LIHTC inquiries in 2019
4. Compliance with Regulation 202 and Resolution 19-01
5. Next Steps

Next Steps

This report was compiled by Rent Program staff to allow the Rent Board to determine overall compliance of LIHTC properties from January 2019 – December 2019. Using this information, the Rent Board can discuss whether to move forward with exemption or non-exemption under Regulation 202.

DOCUMENTS ATTACHED:

Attachment 1 – 2019 Affordable Housing Report

Attachment 2 – Regulation 202 & 204

Attachment 3 – Resolution 19-01

Attachment 4 – Affordable Housing Matrix

2019 AFFORDABLE HOUSING REPORT

CITY OF RICHMOND RENT PROGRAM



Photos courtesy of the City of Richmond Community Development Department

City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804
(510) 234-RENT [7368]
www.richmondrent.org



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V.	NEXT STEPS.....	6

INTRODUCTION AND PURPOSE OF THIS REPORT

On November 15, 2017, the Richmond Rent Board adopted Regulation 202 and Regulation 204 exempting “Governmentally Subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance. According to Regulation 204, these rental units shall not be exempt in cases where the property owner has failed to substantially comply with timely payment of all owing Residential Housing Fees, payment of Business License Tax, enrollment of all applicable rental units and all requirements set forth in any regulatory agreement between a developer and/or property owner and a Federal, State or government entity.

There are several governmental assistance programs that apply to rental units in Richmond, including Section 8 and Low-Income Housing Tax Credits (LIHTC). LIHTC is not a direct subsidy program, but functions through the tax code and state treasury agencies. Like other affordable housing programs, LIHTC links rent to household income. However, unlike subsidized housing programs such as the Section 8 Housing Choice Voucher program, rent adjustments track the Area Median Income (AMI) of a region, rather than an individual household’s income. As such, rent increases in LIHTC units do not directly correspond to changes in a household’s financial circumstances. Additionally, the California Tax Credit Allocation Committee (TCAC) – the state agency regulating LIHTC – does not regulate the frequency or percentage of rent increases; it only establishes maximum rents by bedroom size and income bracket. Without limitations on the amount of rent increase that can be imposed at any one time, low-income tenants on fixed incomes may experience “rent shock” that could result in significant financial hardship and even displacement. Residents at Heritage Park at Hilltop Apartments raised this concern at a Rent Board meeting in early 2018 after they received a rent increase in excess of 10%.

In response to these concerns about possible “rent shock,” the Rent Board amended Regulation 204 and implemented Resolution 19-01. Adopted February 20, 2019, Resolution 19-01 established additional terms of exemption for LIHTC units from the provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance in conformance with Regulation 202. To mitigate rent shock for tenants, the resolution provides that the owner of a LIHTC unit may increase the rent up to the maximum allowed by TCAC at any time, so long as the increase does not exceed 5% annually. Additionally, LIHTC providers are required to meet annually with Rent Program staff to review information pertaining to compliance with Regulation 204, housing quality and rents. Rental information must be provided in an editable spreadsheet and include the current and proposed rent within 60 calendar days from the day TCAC releases its permitted Maximum Rent Schedule.

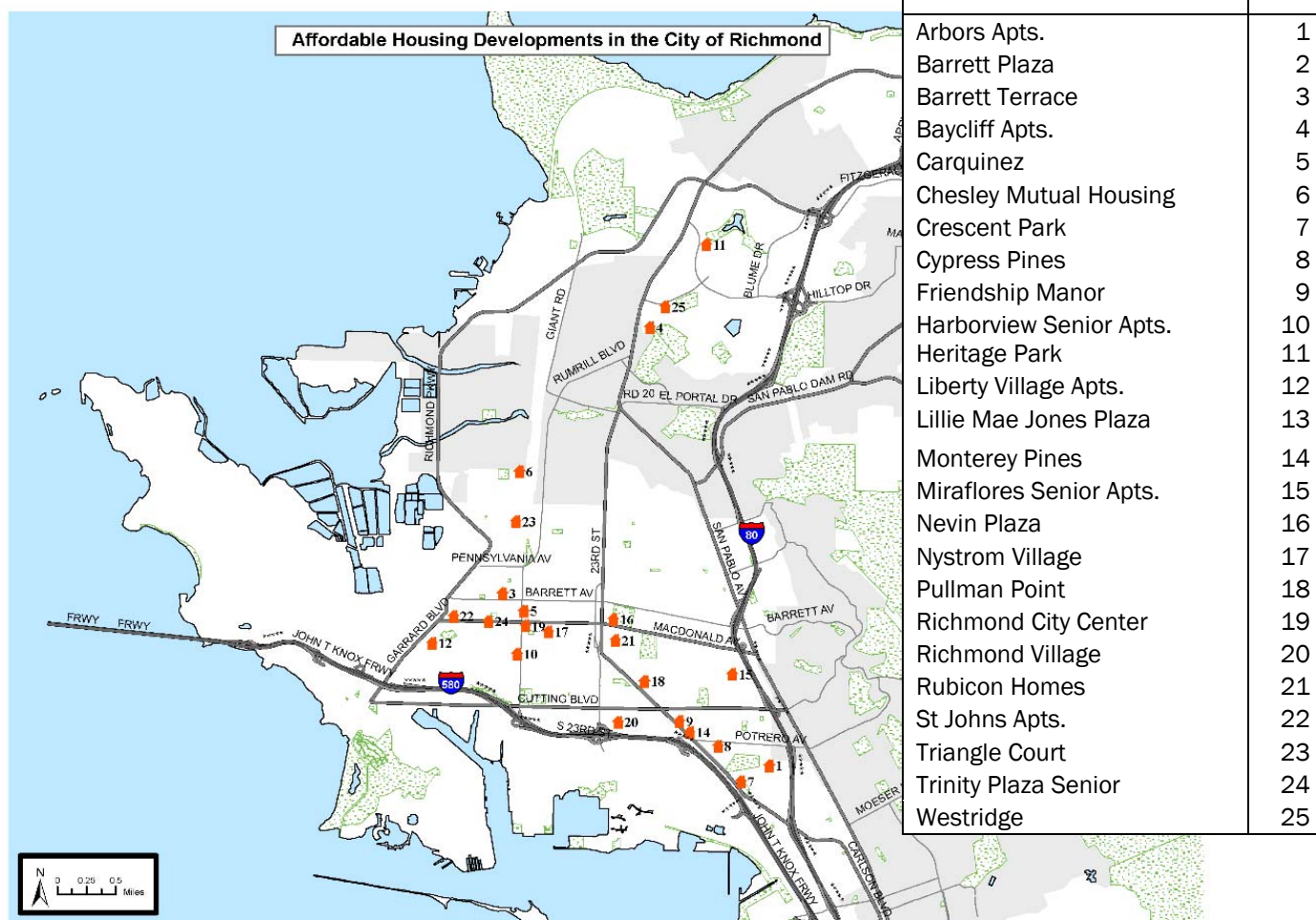
This annual report on Affordable Housing covers the period of January – December 2019 and provides the Rent Board an opportunity to consider the overall compliance of LIHTC properties with the Rent Board’s adopted regulations and Resolution 19-01. The Rent Board can use this report to decide whether to maintain the LIHTC Rental Unit Exemption as granted in Regulation 202.

OVERVIEW OF RICHMOND'S AFFORDABLE HOUSING STOCK

Over 20% of Richmond's rental housing stock receives some form of government assistance to provide affordability for low and moderate income households. Of the 4,283 governmentally subsidized rental units in Richmond, 2,782 units have been built using Low Income Housing Tax Credits. Many of the units fall under multiple affordable housing programs, with more than half of the LIHTC units also receiving HUD subsidies. There are 25 affordable housing properties in Richmond currently, as shown in the map and key below. The map includes both LIHTC and non-LIHTC affordable housing. Most are clustered in the south and west of the city, while there are a few in the north.

Currently, there are three affordable housing projects that have been approved for development and one under review. These projects are: Terraces at Nevin, the Hacienda Rehab, Quarry Residential and 12th & Macdonald. In total, these projects will add 497 Low Income units and 140 Moderate Income units to the affordable housing market. Of the three, the largest project is the Terraces at Nevin, offering 143 units for families and 128 for seniors. The Terraces at Nevin is anticipated to be available for rent in later in 2020.

Figure 1: Affordable Housing Developments in Richmond



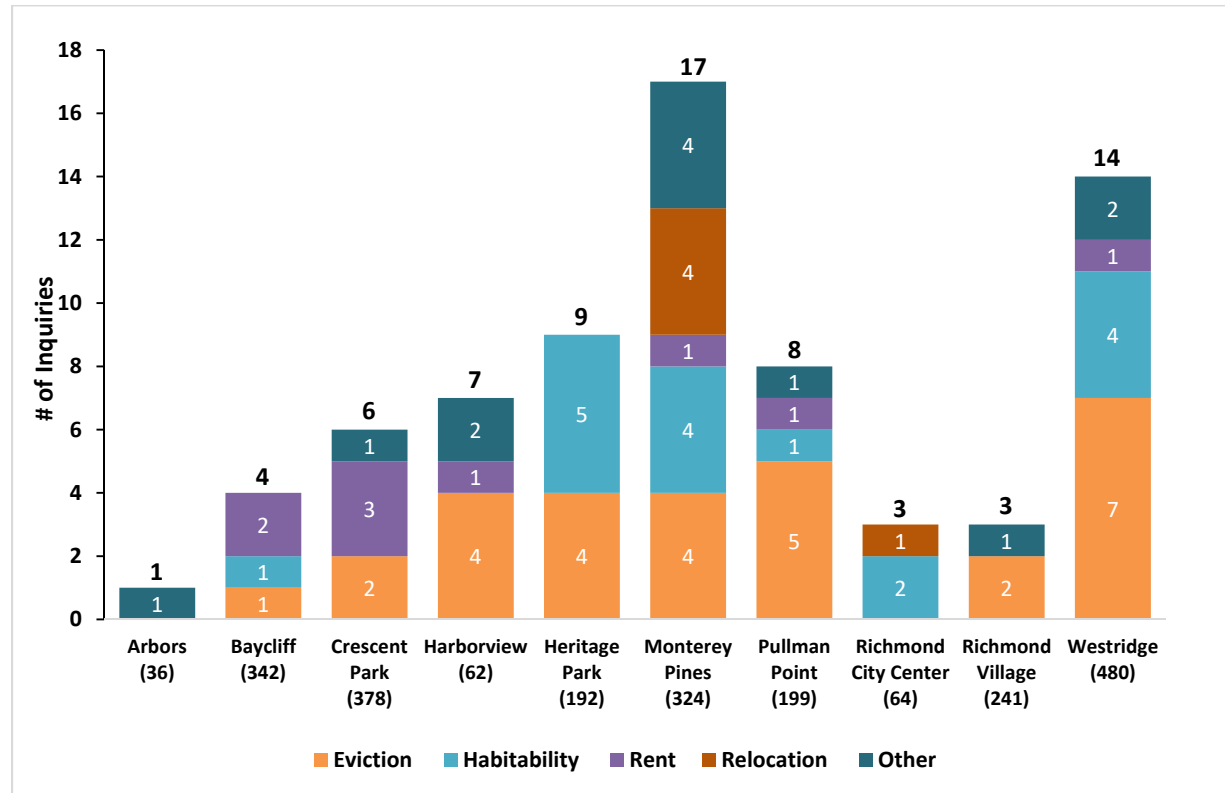
Source: City of Richmond Rent Program, 2019

OVERVIEW OF LIHTC INQUIRES IN 2019

During the 2019 calendar year, the Rent Program received 72 inquiries from LIHTC properties. The biggest issue areas were regarding eviction, habitability, rent payments and relocation. The highest number of inquiries had to do with evictions, with 29 amongst all properties. The property with the highest amount of eviction inquiries was Westridge, with seven inquiries. All eviction inquiries from Westridge residents were due to nonpayment of rent.

The lowest number of inquiries was regarding relocation, with five total, four of them from Monterey Pines. All relocation cases from Monterey Pines were in regards to renovations being done on the property last year. There were multiple residents who expressed dissatisfaction with the management's handling of relocation, the hotel placement and the lack of reimbursement for food and housing related expenses during relocation period.

Figure 2: 2019 INQUIRIES FROM TENANTS AT LIHTC PROPERTIES¹



Source: City of Richmond Rent Program, 2020

Note: "Rent" category includes inquiries about rent increases and rent overcharging, "Other" category includes inquiries about parking, general mediation, or where no description was provided. Unit counts are in parentheses under property names.

¹ This Figure only includes properties that we received inquiries from. No inquiries were received from Carquinez (36 units), Chesley Mutual Housing (30 units), Cypress Pines (82 units), Lillie Mae Jones (26 Units), Liberty Village (100 units), Miraflores (80 units), St. Johns Apartments (158 units) or Trinity Plaza (66 units).

COMPLIANCE WITH REGULATION 202 AND RESOLUTION 19-01

23 out of 25 properties (92%) paid fees for the 2019-2020 fiscal year. The only providers that did not pay the fiscal year's fees are Nevin Plaza and Nystrom Village. Additionally, 11 (44%) of the properties have completed a property enrollment form and filed it with the Rent Program. As part of the resolution 19-01, LIHTC providers are required to submit spreadsheets of rent increases. Of the 25 properties, 12 are exempt from submitting their spreadsheets, of the 13 properties that aren't exempt, the Rent Program has received 10 (77%) spreadsheets. Properties that have multiple layers of subsidy such as properties that receive tax credit and Section 8 were not required to submit spreadsheets showing their proposed rent increases, these are designated in the table below as Not Applicable (N/A). Only properties that are solely subsidized by LIHTC are required to submit spreadsheets. Multiple emails were sent to follow up with non-compliant providers.

Table 1: Summary of Compliance with Resolution 19-01

<u>Property</u>	<u>Enrolled</u>	<u>Paid</u>	<u>Submitted Rent Increase Spreadsheets showing rent increases at or below 5%</u>
Arbors Apartments	Y	Y	Y
Barrett Plaza	N	Y	N/A
Barrett Terrace	N	Y	N/A
Baycliff Apartments	Y	Y	Y
Carquinez	Y	Y	Y
Chesley Mutual	N	Y	Y
Crescent Park	Y	Y	Y
Cypress Pines	N	Y	N/A
Friendship Manor	N	Y	N/A
Harborview	Y	Y	Y
Heritage Park	Y	Y	Y
Liberty Village	N	Y	Y
Lillie Mae Jones	N	Y	N
Miraflores	Y	Y	N/A
Monterey Pines	N	Y	Y
Nevin Plaza	N	N	N/A
Nystrom Village	N	N	N/A
Pullman Point	N	Y	N/A
Richmond City Center	N	Y	Y
Richmond Village	Y	Y	N
Rubicon Homes	N	Y	N/A
St Johns Apartments	Y	Y	N/A
Triangle Court	N	Y	N/A
Trinity Plaza	Y	Y	N/A
Westridge	Y	Y	N

Source: City of Richmond Rent Program, 2020

NEXT STEPS

This report was compiled by Rent Program staff to allow the Rent Board to determine overall compliance of LIHTC properties from January 2019 – December 2019. Using this information, the Rent Board can discuss whether to move forward with exemption or non-exemption under Regulation 202.

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Chapter 2: APPLICABILITY

200. Purpose

The purpose of this Chapter 2 is to describe those categories of properties which are exempt from the Ordinance and to provide a process and procedure for those Controlled Rental Units seeking to establish an exemption from this Ordinance.

[Formerly Regulation 17-01; Adopted November 15, 2017]

201. Rental Units Exempt from both the Rent Control (R.M.C § 11.100.070) and Just Cause for Eviction (R.M.C § 11.100.050) Provisions of the Ordinance

- A. Rental Units in hotels, motels, inns, tourist homes and rooming and boarding houses that are rented primarily to transient guests for a period of fewer than 14 days;
- B. Rental Units in any hospital, convent, monastery, extended medical care facility, asylum, or non-profit home for the aged, or dormitory owned and operated by an accredited institution of higher education;
- C. Rental Units for which there is a Temporary Tenancy, as defined in R.M.C § 11.100.030(q);
- D. Rental Units that are lawful and in compliance with the Small, Second Unit Ordinance of the City (R.M.C § 11.15.04) if the Primary Residence is occupied by the property owner; and
- E. Rental Units where the Rental Unit is the Primary Residence of the property owner and the property owner shares with a Tenant(s) a bathroom or kitchen.

[Formerly Regulation 17-03; Adopted July 19, 2017]

201.5 Rooming and Boarding Houses

- A. For purposes of Regulation 201, Rooming and Boarding house(s) shall mean any building or portion thereof other than a hotel containing at least five (5) rooms individually offered for rent or rented to at least five tenants under separate Rental Housing Agreements.
- B. Where any building, structure, or part thereof is considered a Rooming and Boarding house, each room shall be treated as an individual Rental Unit and must be individually registered with the Rent Program, in a manner consistent with Chapter 4 of these Regulations.
- C. Use of a single Rental Housing Agreement shall not be dispositive in determining whether a building, structure, or part thereof is a Rooming and Boarding house. Rather, the following factors shall be considered by the Rent Program when determining whether a building, structure, or part thereof is a Rooming and Boarding house:

- a. Whether the Landlord or Tenant maintains control over Tenant Replacement;
- b. Whether there is a single or multiple Rental Housing Agreement(s);
- c. The relationship between the Tenants of the Rooming and Boarding house;
- d. How Rent is distributed, collected, and/or paid to the Landlord;
- e. Access to common areas and/or housing services; and
- f. The period of occupancy set forth in each single or multiple Rental Housing Agreement.

This is not an exhaustive list and the Rent Program may consider other evidence that has a tendency to prove or disprove that a particular building, structure, or part thereof is a Rooming and Boarding house.

[Adopted July 18, 2018]

202. Governmentally Subsidized Rental Units Exempt from the Rent Control Provisions of the Ordinance

The following rental units are exempt from the rent control (RMC 11.100.070), but not the just cause for eviction (RMC 11.100.050) provisions of the Ordinance.

- A. Rental units in which a tenant household holds a Section 8 Housing Choice Voucher and where the rent not does exceed the Payment Standard as published by the U.S. Department of Housing and Urban Development.
- B. Rental units for which the rent is subsidized by the Project-Based Section 8 Program
- C. Rental units that are “rent restricted” in a Low Income Housing Tax Credit Program Project. “Rent Restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- D. Rental units for which the rent is subsidized by the Section 202 Supportive Housing for the Elderly Program
- E. Rental units that are “rent restricted” under a regulatory agreement between a governmental agency and a property owner. “Rent Restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.

[Formerly Regulation 17-01; Adopted November 15, 2017]

203. Other Rental Units Exempt from the Rent Control Provisions of the Ordinance

In addition to rental units that are exempt from rent control under R.M.C § 11.100.100.030 (d)(1)(2)(4) (5) and (6), rental units which a governmental unit, agency or authority owns, operates or manages are exempt from the rent control provisions of the Ordinance. Section 11.100.030 (d)(3), Richmond Municipal Code.

[Formerly Regulation 17-01; Adopted November 15, 2017]

204. Maintaining an Exemption Pursuant to Regulation 202: Compliance with Applicable Laws and Regulations

A. Notwithstanding Regulation 202, Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where the property owner has failed to substantially comply with all of the applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, Rent Board Orders, Regulations, and/or Resolutions, as well as the Implied Warranty of Habitability as described in Civil Code 1941.1, and Richmond Municipal Code Section 6.40.040. This includes, but is not limited to, a property owners obligation to comply with the following:

- (1) Timely payment of all owing Residential Rental Housing Fee. For purposes of this provision, a payment shall be considered timely where a property owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the invoice. Where there is a dispute in the amount owed, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the amended invoice. However, where the dispute is wholly concerned with assessed late fees, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 5 calendar days from the date the Rent Program sends the amended invoice or 30 calendar days from the date the Rent Program sent the initial invoice, whichever is later. If a dispute does not result in an amended invoice, payment shall be due within 30 calendar days from the date the Rent Program sent the initial invoice;
- (2) Payment of the Business License Tax pursuant to Richmond Municipal Code Section 11.100.060(l)(1);
- (3) Enrollment of all applicable Rental Units pursuant to Regulation 405(B);
- (4) All of the applicable provisions set forth in Resolution 19-01; and
- (5) Any and all requirements set forth in any regulatory agreement executed between a developer and/or property owner and a Federal, State, or government entity.

- B. Where Rent Program Staff members have determined a property owner has failed to comply with any of the obligations set forth in Regulation 204(A), Rent Program Staff members shall immediately notify the property owner in writing of the obligation(s) the property owner has failed to satisfy. The written notification must identify the specific obligation(s) the property owner has failed to satisfy and provide the property owner up to 60 calendar days from the date of mailing of the notification to bring itself into compliance with the identified obligation(s). If a property owner fails to timely comply with the obligation(s) identified in the Rent Program Staff member's written notification, Rent Program Staff members may agendize an item of noncompliance for the next regularly scheduled Rent Board meeting. The agenda item shall include an identification of the specific property that has failed to comply, specific findings of noncompliance, a recommendation of the removal of the exemption contained in Regulation 202 as it relates to the noncompliant property, and any other information Rent Program staff member(s) deems relevant.
- C. In addition to Regulation 204(A), Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where there is no longer in effect (a) a tenant with a Section 8 Housing Choice Voucher in the Rental Unit, (b) the Rental Unit is no longer in a Project-Based Section 8 Program, and/or (c) the Rental Unit is no longer rent restricted under a regulatory agreement and/or declaration of restrictive covenants.
- D. Nothing in Regulation 204(A) and/or Regulation 204(B) shall preclude tenants residing in Rental Units described in Regulation 202 from seeking advice or assistance from the Rent Program concerning applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and utilizing the remedies provided in the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance to the extent permitted by Federal, State, and local law.

Formerly Regulation 17-01; Adopted November 15, 2017]
[Amended February 20, 2019]

205. Application for Exemption Determination

Notwithstanding Regulation 403, a Landlord may request that an administrative decision be rendered regarding the applicability of R.M.C. 11.100 et. seq (Fair Rent, Just Cause For Eviction, and Homeowner Protection Ordinance) on a property or unit owned or occupied by the requesting party. All requests for an administrative decision regarding exemption must be made on an approved Rent Program form. The Landlord must complete the approved form and attach sufficient information and documentation demonstrating a claimed exemption. The Landlord shall have the burden of proof of demonstrating a claimed exemption.

[Adopted June 20, 2018]

Resolution No. 19-01

ESTABLISHING ADDITIONAL TERMS OF EXEMPTION FOR
LOW-INCOME HOUSING TAX CREDIT PROVIDERS FROM
THE RENT CONTROL PROVISIONS OF RICHMOND FAIR
RENT, JUST CAUSE FOR EVICTION, AND HOMEOWNER
PROTECTION ORDINANCE PURSUANT TO REGULATION
202.

WHEREAS, on November 8, 2016, the voters in the City of Richmond passed, by initiative, the “Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance”; and

WHEREAS, on November 15, 2017, the Richmond Rent Board adopted Regulation 202 and Regulation 204(formerly Regulation 17-01) exempting “governmentally subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance; and

WHEREAS, there are approximately 4,283 Rental Units in Richmond that receive Low-Income Housing Tax Credits (LIHTC) and/or direct subsidies from the Department of Housing and Urban Development (HUD), including the Housing Choice Voucher and Project-Based Section 8 programs. These units represent approximately 20 percent of Richmond’s rental housing stock and represent a critical aspect of housing affordability in the city; and

WHEREAS, of the 4,283 governmentally subsidized Rental Units in Richmond, 2,702 Rental Units receive LIHTC funding; and

WHEREAS, maximum rents in LIHTC Rental Units are determined annually by the California Tax Credit Allocation Committee (TCAC) based on Area Median Income for Oakland-Fremont, CA HUD Metro FMR Area, which contains Alameda and Contra Costa Counties; and

WHEREAS, the methodology employed by HUD to calculate Contra Costa County’s Area Median Income may not accurately reflect Area Median Income for Richmond Tenants. For purposes of this Resolution, Tenant shall have the same meaning as provided in Richmond Municipal Code Section 11.100.030(r); and

WHEREAS, in March 2018, Tenants at multiple LIHTC developments received rent increases in excess of ten (10) percent, the maximum rent permitted by TCAC for the year; and

WHEREAS, throughout the course of their work, Rent Program staff have also heard grievances from Tenants in LIHTC Rental Units regarding habitability, security, and other issues; and

WHEREAS, due to LIHTC’s exemption pursuant to Regulation 202, Tenants living in these units cannot use the Rent Program’s petition system to request rent adjustments and resolve grievances in this manner; and

WHEREAS, Rent Program staff convened 13 of the city's affordable housing providers for a conference call on May 18, 2018, to discuss these concerns and potential solutions; and

WHEREAS, in early June 2018, six affordable housing providers, representing approximately 63 percent of the deed-restricted units in the City of Richmond, submitted letters to the Rent Program indicating their willingness to limit annual rent increases in LIHTC Rental Units; and

WHEREAS, on June 20, 2018, the Rent Board appointed two of its members to an ad hoc committee to develop an agreement with LIHTC providers in conjunction with Rent Program staff to limit rent increases in these units and address other concerns raised by Tenants; and

WHEREAS, in communication with Rent Program staff, affordable housing providers have indicated their preference to voluntarily cap annual rent increases at 6 percent (6%) and noted that TCAC maximum rents have historically increased by around 2 or 3 percent per year; and

WHEREAS, at an August 24, 2018 meeting with Tenants of affordable housing and Tenant representatives, many expressed concerns about large rent increases leading to displacement and homelessness, particularly for low-income seniors and others on fixed incomes; and

WHEREAS, at this same meeting, Tenants of affordable housing and Tenant representatives expressed a strong willingness to participate in a Rent Board-initiated mediation process to resolve habitability and other concerns with management; and

WHEREAS, while the Tenants and Tenant representatives in attendance expressed concerns that any rent increase would pose a financial hardship, they indicated they preferred a flat percentage cap of 2 percent (2%) on annual rent increases; and

WHEREAS, to date, affordable housing providers and Tenants of affordable housing and their representatives have not agreed on the appropriate percentage of annual rent increases; and

WHEREAS, on November 7, 2018, the Ad Hoc committee convened and determined it prudent to present the Rent Board with various policy options related to the continual exemption of LIHTC Rental Units pursuant to Regulation 202;

NOW, THEREFORE, BE IT RESOLVED, that the owner of a LIHTC Rental Unit may increase the rent up to the maximum allowed by TCAC at any time, so long as the increase does not exceed five (5) percent during any 12-month period;

BE IT FURTHER RESOLVED, while LIHTC properties' rents are not regulated by the Rent Board, Rent Program staff shall meet annually with LIHTC providers to gather information pertaining to compliance with Regulation 204, housing quality, and rents; the rent information shall be provided in an editable spreadsheet and include the current and proposed rent. This meeting shall occur no later than 60 calendar days from the day TCAC releases its permitted Maximum Rent Schedule; and

BE IT FURTHER RESOLVED, the Rent Program shall issue an annual report to the Rent Board on the state of governmentally subsidized Rental Units in the City of Richmond, based on program data. This report shall include recommendations to the Board regarding compliance and housing quality, and may be compiled as a section of the Rent Program's Annual Report presented to the City Council; and

BE IT FURTHER RESOLVED, at the same meeting the Rent Board receives the Annual Report, the Rent Board shall consider the LIHTC complied Rent data and make findings of the overall compliance of LIHTC properties and whether continual exemption of these properties is achieving the purpose of the Rent Ordinance; and

BE IT FURTHER RESOLVED, in the event a majority of Rent Board members find substantial noncompliance among LIHTC Rental Unit(s) and/or continued exemption of these LIHTC Rental Unit(s) does not achieve the purpose of the Rent Ordinance, the Rent Board shall consider at its next regularly scheduled meeting whether to maintain the LIHTC Rental Unit exemption as described in Regulation 204; and

BE IT FURTHER RESOLVED, in the event that a majority of Rent Board members vote to remove the exemption of a LIHTC Rental Unit(s), Rent Board staff shall within 10 business days charge the non-exempt LIHTC Rental Unit(s) a Rental Housing Fee equivalent to the amount charged for fully covered units, or partially covered units where applicable, for the same fiscal year in which the exemption was removed, less any fees already paid, and apply the full provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, as permitted by State law.

BE IT FURTHER RESOLVED, that LIHTC providers who comply with the policies stated herein and Regulation 204, shall pay a Residential Rental Housing Fee as determined by an annual Rental Housing Fee Study approved by the Rent Board and adopted by the City Council, and maintain their exemption under Regulation 202; and

BE IT FURTHER RESOLVED, that the Tenants of governmentally subsidized Rental Units have the same rights as other Richmond Tenants to request counseling and mediation services from the Rent Program to resolve potential breaches of California Civil Code 1941.1 or other issues that implicate termination of a tenancy; and

BE IT FURTHER RESOLVED, that in no case shall a LIHTC provider be permitted to avail itself to the benefit of the provisions of this Resolution 19-01 and Regulation 202, unless that LIHTC provider has fully resolved any past and/or currently due Residential Rental Housing Fees and is otherwise in compliance with the Enrollment requirements pursuant to Regulation 405 and the requirements set forth in Regulation 204; and

BE IT FURTHER RESOLVED, that the Rent Program staff is authorized to develop rules and procedures to implement the counseling, enrollment, and mediation services associated with the purpose of this Resolution; and

ITEM I-1
ATTACHMENT 3

Dated: February 20, 2019

Adopted by the Richmond Rent Board of the City of Richmond by the following vote:

AYES: Boardmembers Finlay, Maddock, Vice Chair Gerould and Chair Gray.

NOES: None.

ABSENT: None.

ABSTENTIONS: None.

CYNTHIA SHAW
Cynthia Shaw, Rent Board Clerk

DAVID GRAY

David Gray, Chair

Approved as to form:

CHARLES OSHINUGA

Charles Oshinuga, Rent Board Legal Counsel

State of California }
County of Contra Costa :ss.
City of Richmond }

CITY OF RICHMOND, CALIFORNIA																
DRAFT EXISTING DEED-RESTRICTED AFFORDABLE HOUSING																
Basic Information				Subsidy Type(s) and Expiration											Ownership and Management	
Development Name	Address	Year Built (a)	APN	Project-based Section 8: Direct Contract with HUD	Section 8 Contract Expiration	Tenants with a Housing Choice Voucher (Tenant-based Section 8)	Section 202 Units	Section 42 (LIHTC) Units	Section 236 Units	Public Housing Units/Units Owned by the Richmond Housing Authority	Below Market Rate "BMR" Units	Total Subsidized Units	Compliance End Year (LIHTC Properties Only)	Regulatory Agreement and Date(s) of Recording	Owner on Record Name & Address	Ownership Entity
Data Source	Regulatory Agreements; Restrictive Covenants; 2015-2023 Housing Element	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data)	HUD; California Housing Partnership Corporation	California Housing Partnership Corporation	Richmond Housing Authority	Richmond Housing Authority	HUD	Richmond Housing Authority	Richmond Housing Authority; ParcelQuest (County Assessor Data)	Regulatory Agreement	Regulatory Agreements; Restrictive Covenants; 2015-2023 Housing Element; California Housing Partnership Corporation	California Housing Partnership Corporation	Housing Division; Contra Costa County Recorder	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data); California Housing Partnership Corporation
1	Arbors Apartments	5127-5331 Creely Avenue	1965	509-190-004	23	8/31/2026		35				36	2063	Regulatory Agreement and Declaration of Restrictive Covenants (10/31/06); First Amendment to Regulatory Agreement (11/03/08); Second Amendment to Regulatory Agreement (4/22/14)	ARBORS PRESERVATION LP	John Stewart Company (County); Resources for Community Development (RCD)(California Housing Partnership Corporation)
2	Barrett Plaza Townhouses	740 Barrett Ave, Richmond, CA 94801	1975	534-392-001	58	12/31/2031			58			58	2070		BARRETT PLAZA HOUSING CORP	Community Housing Development Corporation, Managed by CHDC.
3	Barrett Terrace Apartments	700 Barrett Ave, Richmond, CA 94801	1975	538-440-001	114	12/31/2031			114			115			BARRETT TERRACE HOUSING CORP	Community Housing Development Corporation, Managed by CHDC.
4	Baycliff Apartments	2300 Lancaster Dr, Richmond, CA 94806	1977	414-300-005			118	342				342	2059	Regulatory Agreement and Declaration of Restrictive Covenants (7/29/04)	FF Hills LP	FF Hills LP
5	Carquinez	400 Harbour Way, Richmond, CA 94801	1980	540-420-003			33	35				36	2064	Regulatory Agreement and Declaration of Restrictive Covenants (11/14/08)	Carquinez Associates	Carquinez Associates
6	Chesley Mutual Housing	802 Chesley Ave, Richmond, CA 94801	2005 (c)	561-251-003				30				30	2059	Regulatory Agreement and Declaration of Restrictive Covenants (12/17/03)	CHESLEY AVE LTD PARTNERSHIP	Community Housing Development Corporation Managed by Eden Housing
7	Crescent Park	5000 Hartnett Ave, Richmond, CA 94804	1968	509-242-003	341	12/31/2026	13	378				378	2062	Regulatory Agreement and Declaration of Restrictive Covenants (07/06/07)	CRESCENT PARK EAH LP	EAH Housing
8	Cypress Pines (formerly Deliverance Temple)	4312 Potrero Ave, Richmond, CA 94804	1974	509-370-028	82	2/28/2037		82				82	2070	Regulatory Agreement - Federal and State Credits (12/09/03) & HAP Contract (10/09)	DT Venture LP	MRK Partners, Inc.
9	Friendship Manor (RAD Conversion)	564 Stege Avenue, Richmond, CA 94804	1972 (b)	513-171-007			43			57		57	2069	Regulatory Agreement and Declaration of Restrictive Covenants (12/22/15)	Richmond Housing Authority	City of Richmond Housing Authority Managed by John Stewart
10	Harborview Senior Apartments	25 Harbour Way, Richmond, CA 94801	2016 (c)	538-430-020			46	61				62	2068	Regulatory Agreement and Declaration of Restrictive Covenants (08/15/14)	RICHMOND PACIFIC ASSOCIATES	Richmond Pacific Associates
11	Heritage Park at Hilltop	3811 Lakeside Drive, Richmond, CA 94806	2000 (c)	405-373-022			94	95	192			192	2054	No Reg Agreement, but we have Density Bonus Agreement (2/28/01)	HILLTOP GROUP LP	Hilltop Group LP
12	Liberty Village Apartments	298 W Chanslor Ave, Richmond, CA 94801	1942	538-012-003				100				100	2068	Regulatory Agreement 11/01/00	LIH LIBERTY VILLAGE LP	LIH Liberty Village LLC

Basic Information				Subsidy Type(s) and Expiration											Ownership and Management		
Development Name		Address	Year Built (a)	APN	Project-based SECTION 8: Direct Contract with HUD	SECTION 8 CONTRACT EXPIRATION	TENANTS WITH A HOUSING CHOICE VOUCHER (TENANT- BASED SECTION 8)	SECTION 202 UNITS	SECTION 42 (LIHTC) UNITS	SECTION 236 UNITS	PUBLIC HOUSING UNITS/UNITS OWNED BY THE RICHMOND HOUSING AUTHORITY	BELOW MARKET RATE "BMR" UNITS	TOTAL SUBSIDIZED UNITS	COMPLIANCE END YEAR (LIHTC PROPERTIES ONLY)	REGULATORY AGREEMENT AND DATE(S) OF RECORDING	OWNER ON RECORD NAME & ADDRESS	OWNERSHIP ENTITY
Data Source		Regulatory Agreements; Restrictive Convenents; 2015-2023 Housing Element	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data)	HUD; California Housing Partnership Corporation	California Housing Partnership Corporation	Richmond Housing Authority	Richmond Housing Authority	HUD	Richmond Housing Authority	Richmond Housing Authority; ParcelQuest (County Assessor Data)	Regulatory Agreement	Regulatory Agreements; Restrictive Convenents; 2015- 2023 Housing Element; California Housing Partnership Corporation	California Housing Partnership Corporation	Housing Division; Contra Costa County Recorder	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data); California Housing Partnership Corporation
13	Lillie Mae Jones Plaza	120 Macdonald Ave, Richmond, CA 94801	2011 (c)	538-181-037			18						26	2065	Regulatory Agreement and Declaration of Restrictive Covenents (no date of recording); Modification of Regulatory Agreement and Declaration of Restrictive Covenants (05/07/10)	LILLIE MAE JONES PLAZA LP	East Bay Asian Local Development Corp (County); CHDC of North Richmond (California Housing Partnership Corporation)
14	Miraflores	150 S. 45th St, Richmond, CA 94804	2017	513-321-001			79		79				80				Eden Housing & CHDC
15	Monterey Pines Apartments	680 S 37th St, Richmond, CA 94804	1971	513-185-011			50		324				324	2070	Regulatory Agreement and Declaration of Restrictive Covenents (12/20/01)	Monterey Venture LP	Apartment Management Consultants LLC
16	Nevin Plaza (d)	2400 Nevin Avenue, Richmond, CA 94804	1973	515-261-001							105		105			Richmond Housing Authority	Richmond Housing Authority
17	Nystrom Village (d)	222 Marina Way South, Richmond, CA 94804	1920	544-112-001							82		82			Richmond Housing Authority	City of Richmond Housing Authority Managed by John Stewart
18	Pullman Point (formerly Richmond Townhouses)	2989 Pullman Ave, Richmond, CA 94804	1973	513-010-019	192	2/29/2024			199	192			199	2058		CARLSON BOULEVARD LP	Primary Owner -Community Housing Development Corporation and Limited Partner John Stewart Company
19	Richmond City Center Apartments	1000 Macdonald Ave	1994	540-460-009			14		64				64	2067	First Amendment to First Amended and Restated Regulatory Agreement (2/05/13)	RICHMOND HOUSING ASSOCIATES LP	Richmond Housing Associates
20	Richmond Village (formerly Easter Hill)	700 S 26th St, Richmond, CA 94804	2004 (c)	549-240-001			60		241				241	2060 & 2061	Regulatory Agreement and Declaration of Restrictive Covenants - Easter Hill Phase I (2/24/04); Regulatory Agreement and Declaration of Restrictive Convenants - Easter Hill Phase II (11/12/04)	Richmond Housing Authority	Richmond Housing Authority (County); McCormack Baron, Salazar, Inc. (California Housing Partnership Corporation)
21	Rubicon Homes	2500 Bissell Ave, Richmond, CA 94804	1950	515-312-004	26	8/31/2027		Old 202 project - lease matured		26			10			Rubicon Programs Incorporated	Rubicon Programs Incorporated
22	St Johns Apartments	121 W Macdonald Ave, Richmond, CA 94801	1990	538-011-002	155	6/30/2033			158				158	2068	Regulatory Agreement (7/22/15)	ST JOHNS PARTNERS LP	US Residential Corporation

Basic Information					Subsidy Type(s) and Expiration										Ownership and Management		
Development Name		Address	Year Built (a)	APN	Project-based Section 8: Direct Contract with HUD	Section 8 Contract Expiration	Tenants with a Housing Choice Voucher (Tenant- based Section 8)	Section 202 Units	Section 42 (LIHTC) Units	Section 236 Units	Public Housing Units/Units Owned by the Richmond Housing Authority	Below Market Rate "BMR" Units	Total Subsidized Units	Compliance End Year (LIHTC Properties Only)	Regulatory Agreement and Date(s) of Recording	Owner on Record Name & Address	Ownership Entity
Data Source		Regulatory Agreements; Restrictive Covenants; 2015-2023 Housing Element	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data)	HUD; California Housing Partnership Corporation	California Housing Partnership Corporation	Richmond Housing Authority	Richmond Housing Authority	HUD	Richmond Housing Authority	Richmond Housing Authority; ParcelQuest (County Assessor Data)	Regulatory Agreement	Regulatory Agreements; Restrictive Covenants; 2015- 2023 Housing Element; California Housing Partnership Corporation	California Housing Partnership Corporation	Housing Division; Contra Costa County Recorder	ParcelQuest (County Assessor Data)	ParcelQuest (County Assessor Data); California Housing Partnership Corporation
23	Triangle Court (RAD Conversion)	980 Triangle Court, Richmond, CA 94801	1988	561-280-007			75				98		98	2069	Regulatory Agreement and Declaration of Restrictive Covenants (12/22/15)	Richmond Housing Authority	Richmond Housing Authority
24	Trinity Plaza Senior Apartments (formerly MacDonald Senior Apartments)	350 & 410 Macdonald Ave, Richmond, CA 94806	2009 (c)	538-210-027			65		66				66	2063	Regulatory Agreement and Declaration of Restrictive Covenants (10/12/07)	Richmond Labor & Love Comm Dev	Richmond Labor & Love Community Development (County); Reloated Development Company of California, LLC (California Housing Partnership Corporation)
25	VUE @ 3600 (formerly Summit at Hilltop)	3600 Sierra Ridge Road	1990	405-490-013			10					96	96		Amended and Restated Regulatory Agreement and Declaration of Restrictive Covenants (7/15/10)	US Reif Sierra Ridge Road	US Reif Sierra Ridge Road
26	Westridge Apartments	2490 Lancaster Dr, Richmond, CA 94806	1973	414-310-008 & 414-310- 007			55		396			79	480	2069	Regulatory Agreement and Declaration of Restrictive Covenants (3/19/16)	Menlo Westridge Affordable Partner	Alliance Residential Company (County); Klein Financial Corp/Menlo Capital
SUM					991		773	95	2,782	390	342		3,517				

SECTION 8 HOUSING CHOICE VOUCHERS ADMINISTERED BY RICHMOND HOUSING AUTHORITY (as of May 2017)	
Category	Number
Number of Units with Active Voucher	1,552
Total Possible Vouchers	1,851

- Notes:
- (a) Refers to the "Effective Date" as recorded by the Contra Costa County Assessor. The Planning and Building Services Departments utilizes the "Effective Date" rather than the "Year Built" since "Effective Date" indicates when the building was fit for occupancy.
- (b) Associated with the parent address of 603 South 37th Street.
- (c) The Costa-Hawkins Rental Housing Act (California Civ. Code 1954.50) exempts units which received a certificate of occupancy after February 1, 1995, from rent control (restrictions on a maximum allowable rent).
- (d) Excludes 37 NAR units at Nevin and 18 NAR units at Nystrom

DEFINITIONS	
LIHTC	Low Income Housing Tax Credit
Section 8 - Project Based	Units Subsidized by Section 8 Program
Section 8 - Tenant Based	Tenants with a Section 8 Voucher
Section 202 (Senior)	Section 202 Supportive Housing for the Elderly Program
Section 236	Presevation of Affordable Housing Program

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