NEW ISSUE–DTC BOOK-ENTRY ONLY

RATING:
S&P: BBB
See "RATING" herein

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Richmond Joint Powers Financing Authority, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2016 Bonds is not a specific preference item for purposes of the federal individual and corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2016 Bonds. See "TAX MATTERS."

$28,390,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2016

Dated: Delivery Date **Due: November 1, as shown on inside cover**

This cover page contains certain information for general reference only. It is not intended to be a summary of this issue. Potential investors are advised to read entire Official Statement to obtain information essential to making an informed investment decision with respect to the Series 2016 Bonds. An investment in the Series 2016 Bonds involves risks and may not be appropriate for certain investors. See "PLAN OF FINANCE." See also "CERTAIN RISK FACTORS" for a discussion of risk factors that should be considered in addition to other matters set forth herein in evaluating the investment quality of the Series 2016 Bonds. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Richmond Joint Powers Financing Authority (the "Authority") is issuing $28,390,000 principal amount of its Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 (the "Series 2016 Bonds") pursuant to a Trust Agreement, dated as of February 1, 2016 (the "Trust Agreement"), by between the Authority and MUFG Union Bank, N.A., as trustee (the "Trustee"). The Series 2016 Bonds are being issued to: (i) pay obligations of the City of Richmond (the "City") related to the termination of certain interest rate swap agreements (the "Swap Agreements") relating to the Authority's Lease Revenue Refunding Bonds (Civic Center Project), Series 2009 and the Authority's Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007 and (ii) pay costs associated with the issuance of the Series 2016 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

The Series 2016 Bonds are payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of Base Rental Payments to be received by the Authority from the City under a Facility Lease, dated as of February 1, 2016 (the "Facility Lease"), by and between the Authority and the City, for the right to use and the possession of certain real property and facilities (the "Facilities"), as more fully described herein. The City has agreed in the Facility Lease to make all Base Rental Payments, subject to abatement of such Base Rental Payments in the event of material damage to or destruction of the Facilities or a taking of the Facilities in whole or in part. See "THE FACILITIES" and "SECURITY FOR THE SERIES 2016 BONDS." The Authority will not establish a reserve account for the Series 2016 Bonds.

The Series 2016 Bonds will be delivered as fully registered bonds without coupons, in book-entry only form, and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2016 Bonds. Ownership interests in the Series 2016 Bonds will be available to the beneficial owners thereof in denominations of $5,000 and any integral multiple thereof under the book-entry system maintained by DTC. Purchasers of Series 2016 Bonds will not receive physical certificates representing their ownership interest in the Series 2016 Bonds. So long as DTC or its nominee is the registered owner of the Series 2016 Bonds, payments of principal and interest with respect to the Series 2016 Bonds will be made by the Trustee directly to DTC or its nominee, which will in turn remit such payments to the beneficial owners of the Series 2016 Bonds. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Interest on the Series 2016 Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2016.

The Series 2016 Bonds are subject to optional, mandatory and extraordinary redemption as described herein. See "The Series 2016 Bonds–Redemption Provisions."

The Series 2016 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Series 2016 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2016 Bonds as provided in the Trust Agreement. The Series 2016 Bonds are not a debt of the City, the State of California or any of its political subdivisions, and neither the City, the State of California nor any of its political subdivisions is liable thereon, nor in any event shall the Series 2016 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE SERIES 2016 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OR SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY, FORMERLY KNOWN AS THE RICHMOND REDEVELOPMENT AGENCY, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

The Series 2016 Bonds will be offered when, as and if executed, delivered, and received by the Underwriter, subject to the approval as to their legality by Orrick, Herrington & Sutcliffe, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Authority and the City by the City Attorney and by Schiff Hardin LLP, San Francisco, California, and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, San Francisco, California. It is anticipated that the Series 2016 Bonds in book-entry only form will be available through the facilities of DTC in New York, New York, on or about February 3, 2016.



RBC Capital Markets

Date of the Official Statement: January 27, 2016

$28,390,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2016

MATURITY SCHEDULE

$1,250,000 Serial Bonds

Maturity Date (November 1)	Principal	Interest Rate	Yield	Price	CUSIP No.†
2019	$235,000	5.250%	2.160%	111.054	764440HH9
2020	1,015,000	5.250	2.270	113.328	764440HJ5

$12,810,000 5.500% Term Bond due November 1, 2029–Yield: 3.560%–Price: 115.849[C]–CUSIP No.†: 764440HT3
$14,330,000 4.000% Term Bond due November 1, 2037–Yield: 4.400%–Price: 94.432–CUSIP No.†: 764440JB0

[C] Priced to par call on November 1, 2025.

† Copyright, American Bankers Association. The CUSIP numbers are provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc., for the American Bankers Association. The use of such numbers is not intended to create or maintain a master file of CUSIP descriptions or numbers and is not intended to create and does not serve in any way as a substitute for CUSIP Services. CUSIP is a registered trademark of the American Bankers Association. The CUSIP numbers are provided only for the convenience of the reader. None of the City or the Underwriter takes any responsibility for the accuracy of such CUSIP numbers.

RICHMOND JOINT POWERS FINANCING AUTHORITY
AND
CITY OF RICHMOND

GOVERNING BOARD/CITY COUNCIL

Thomas K. Butt, *President/Mayor*
Jael Myrick, *Vice President/Vice Mayor*
Nathaniel Bates, *Board Member/Councilmember*
Jovanka Beckles, *Board Member/Councilmember*
Eduardo Martinez, *Board Member/Councilmember*
Gayle McLaughlin, *Board Member/Councilmember*
Vinay Pimplé, *Board Member/Councilmember*

CITY ADMINISTRATION

William A. Lindsay, *Executive Director/City Manager*
Belinda Warner, *Finance Director/Treasurer*
Bruce Reed Goodmiller, *Authority Council/City Attorney*
Pamela Christian, *City Clerk*

SPECIAL SERVICES

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

Schiff Hardin LLP
San Francisco, California
Disclosure Counsel

Public Resources Advisory Group
Oakland, California
Financial Advisor

The Majors Group
Norristown, Pennsylvania
Swap Advisor

MUFG Union Bank, N.A.
San Francisco, California
Trustee

No dealer, broker, salesperson or other person has been authorized by the City or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2016 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2016 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information and expressions of opinions herein are subject to change without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City, since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Electronic Municipal Market Access site maintained by the Municipal Securities Rulemaking Board.

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

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2016 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers and others at yields lower than the initial offering yield set forth on the cover page hereof and said initial offering yield may be changed from time to time by the Underwriter.

The issuance and sale of the Series 2016 Bonds has not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, and the Trust Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

The City maintains a website. Unless specifically indicated otherwise, the information presented on that website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Series 2016 Bonds.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

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

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

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

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OFFICIAL STATEMENT

$28,390,000
RICHMOND JOINT POWERS FINANCING AUTHORITY
LEASE REVENUE BONDS
SERIES 2016

INTRODUCTION

This Introduction is qualified in its entirety by reference to the more detailed information included and referred to elsewhere in this Official Statement. The offering of the Series 2016 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined herein shall have the respective meanings assigned to them elsewhere in this Official Statement.

Purpose

The purpose of this Official Statement, including the cover page through the appendices hereto, is to furnish information with respect to the issuance, sale and delivery by the Richmond Joint Powers Financing Authority (the "Authority") of $28,390,000 principal amount of Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued by the Authority to: (i) pay obligations of the City related to the termination of certain interest rate swap agreements (the "Swap Agreements") relating to the Authority's Lease Revenue Refunding Bonds (Civic Center Project), Series 2009 and the Authority's Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007 and (ii) pay costs associated with the issuance of the Series 2016 Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS."

Authority for Issuance

The Series 2016 Bonds are issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Act"), and the Trust Agreement, dated as of February 1, 2016 (the "Trust Agreement"), by between the Authority and MUFG Union Bank, N.A., as trustee (the "Trustee"). The City entered into a Facility Lease (as described below) pursuant to and in accordance with the Government Code of the State of California (the "State"), other applicable laws of the State and resolutions adopted by the Authority and the City prior to the issuance of the Series 2016 Bonds.

Security for the Series 2016 Bonds

The Series 2016 Bonds are limited obligations of the Authority payable solely from, and secured solely by, Revenues of the Authority, consisting primarily of base rental payments (the "Base Rental Payments") to be received by the Authority from the City pursuant to the Facility Lease, dated as of February 1, 2016 (the "Facility Lease"), each by and between the Authority and the City. The Base Rental Payments made or caused to be made by the City pursuant to the Facility Lease are payable by the City from its General Fund to the Authority for the right of the use and occupancy by the City of certain real property and facilities as described under the caption "THE FACILITIES" (the "Facilities"). The City agrees in the Facility Lease to make all Base Rental Payments, subject to abatement of such Base Rental Payments in the event of material damage to or destruction of all or a portion of the Facilities or a taking of the Facilities in whole or in part. See "THE SERIES 2016 BONDS–Redemption Provisions–*Extraordinary Redemption of the Series 2016 Bonds*" and "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments–*Insurance*–Rental Interruption or Use and Occupancy Insurance."

Pursuant to the Site Lease, dated as of February 1, 2016 (the "Site Lease"), between the City and the Authority, the City has leased to the Authority the real property upon which the Facilities are located. See "SECURITY FOR THE SERIES 2016 BONDS."

The City has agreed under the Facility Lease to take such action as may be necessary to include all Base Rental Payments and Additional Payments in its annual budgets and to make the necessary annual appropriations therefor. See "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments."

Series 2016 Bonds Constitute Limited Obligations

The Series 2016 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Series 2016 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2016 Bonds as provided in the Trust Agreement. The Series 2016 Bonds are not a debt of the City, the State or any of its political subdivisions, and none of the City, the State or any of its political subdivisions is liable thereon, nor in any event shall the Series 2016 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE SERIES 2016 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OR SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY, FORMERLY KNOWN AS THE RICHMOND REDEVELOPMENT AGENCY, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

No Reserve Account

The Authority will not establish a reserve account for the Series 2016 Bonds. Any reserve account established under the Trust Agreement for any additional Series of Bonds will not secure the Series 2016 Bonds.

Summaries Not Definitive

Brief descriptions of the Series 2016 Bonds, the Authority, the City and the Facilities are included in this Official Statement, together with summaries of the Site Lease, the Facility Lease and the Trust Agreement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Series 2016 Bonds, the Site Lease, the Facility Lease and the Trust Agreement are qualified in their entirety by reference to the actual documents, or with respect to the Series 2016 Bonds, the forms thereof included in the Trust Agreement, copies of all of which are available for inspection at the corporate trust office of the Trustee at 350 California Street, 11th Floor, San Francisco, California 94104.

Additional Information

The City regularly prepares a variety of publicly available reports, including audits, budgets and related documents. Any Series 2016 Bondholder may obtain a copy of any such report, as available, from the Trustee or the City. Additional information regarding this Official Statement may be obtained by contacting the Trustee or Finance Director, City of Richmond, Richmond City Hall, 450 Civic Center Plaza, Richmond, California 94804.

PLAN OF FINANCE

The Series 2016 Bonds are being issued to finance the early termination of two interest rate swap agreements (collectively, the "Current RBC Swaps"), as more fully described below, by and between the Authority and the Royal Bank of Canada ("RBC"). Concurrent with the termination of the Current RBC Swaps, RBC will (i) accept assignment (the "JPMorgan Swaps Novations") from JPMorgan Chase Bank, N.A. ("JPMorgan") of the JPMorgan Swaps (as defined below) and (ii) amend the JPMorgan Swaps to, among other things, remove provisions that resulted in the August 4, 2015 occurrence and continuing existence of an Additional Termination Event as defined in the JPMorgan Swaps and described below. Termination of the Current RBC Swaps is necessary to create sufficient credit capacity for RBC to agree to enter into the JPMorgan Swaps Novations and to amend the JPMorgan Swaps.

The net effect of implementing the Plan of Finance will be elimination of the Authority's obligations (and related City lease obligations) under the Current RBC Swaps, creation of the Authority's obligations (and related City lease obligations) under the Series 2016 Bonds, and transfer from JPMorgan to RBC and favorable amendment of the City's obligations under the JPMorgan Swaps.

Descriptions of the City's and the Authority's interest rate swap arrangements prior to and following issuance of the Series 2016 Bonds are set forth under the caption "CITY DEBT SUMMARY– Interest Rate Swap Agreements" in APPENDIX A–"CERTAIN FINANCIAL, DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND."

Background

The JPMorgan Swaps were entered into in 2006 in connection with the City's variable rate, Taxable Pension Funding Bonds, Series 2005 (the "Pension Bonds"). Under the JP Morgan Swaps, the City pays a fixed rate and receives a variable rate with the net effect of substantially fixing the interest costs associated with the Pension Bonds. The JPMorgan Swaps provide that failure by Moody's Investors Service, Inc. ("Moody's") "to assign an issuer rating of at least Baa2 to the City of Richmond" constitutes an Additional Termination Event ("ATE") on the part of the City. Upon the occurrence and continued existence of a City ATE, JPMorgan has the right to terminate the JPMorgan Swaps and make or receive, as the case may be, a Settlement Amount the purpose of which would be to make JPMorgan whole relative to the JPMorgan Swaps not having been terminated. The JPMorgan Swaps contain specific provisions for determining the Settlement Amount.

On August 4, 2015, Moody's Investors Service, Inc. ("Moody's") reduced the issuer rating it assigns to the City to "Bal" from "Baal." This action constituted an ATE under the JP Morgan Swaps. As of the date hereof, JPMorgan has not taken any action in response to the occurrence of the ATE, including not having exercised its right to terminate the JPMorgan Swaps and demand payment of a Settlement that the City believes, as of January 27, 2016, would be approximately $35,200,000. JPMorgan has not exercised its right to terminate the JPMorgan Swaps in anticipation of the City implementing this Plan of Finance or otherwise resolving the ATE and associated potential obligation to pay the Settlement Amount.

Novation of the JPMorgan Swaps

In addition to providing for resolution of ATE, the City desires to maintain the interest rate risk management function of the JPMorgan Swaps. In order to accomplish both objectives, the City will enter into a Novation Agreement with JPMorgan and RBC pursuant to which JPMorgan will transfer all of its rights, obligations, and responsibilities in the JPMorgan Swaps to RBC, the parent company of the Underwriter. Concurrent with the JPMorgan Swaps Novation, RBC will amend and restate the JPMorgan Swaps (the "Amendment"), including removing the reference to Moody's in the Additional Termination Amount provisions. Upon execution of the JPMorgan Swaps Novation and the Amendment, there will be no continuing ATE.

Under the Pension Bonds Swaps Novation, the swap documentation will be amended to, among other things: (i) eliminate the references to Moody's ratings related to ATE's; (ii) provide for a mandatory early termination of the swap agreement on August 1, 2023; and (iii) modify the fixed interest rate percentage(s) payable by the City as necessary.

Termination of Certain RBC Swap Agreements

The Authority is a party to (i) an interest rate swap, originally entered into in connection with the Authority's Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007, pursuant to which it makes payments to RBC based on the Securities Industry Financial Markets Association Municipal Swap Index and receives payments based on 1-month LIBOR and (ii) agreement with RBC dated July 10, 2014 (the "Swaption") pursuant to which RBC purchased an option, exercisable on July 30, 2019, to cash settle an underlying interest rate swap in which the City would make fixed rate payments and receive payments based on 3-month LIBOR. The Swaption was entered into in order to capture the economic benefit of a potential future refunding of the Authority's Lease Revenue Refunding Bonds (Civic Center Project) Series 2009 (the "2009 Bonds") when they become callable on August 1, 2019.

In order to reduce RBC's existing credit exposure to the City to a level at which RBC would be willing to accept the additional City credit exposure associated with entering into the JPMorgan Swaps Novation and the Amendment, the Authority will terminate the Current RBC Swaps and make a termination payment to RBC in connection therewith. Series 2016 Bond proceeds in the amount of $28,554,000 will be applied to make such termination payments. See "ESTIMATED SOURCES AND USES OF FUNDS."

The net effect of implementing the Plan of Finance will be elimination of the Authority's obligations (and related City lease obligations) under the Current RBC Swaps, creation of the Authority's obligations (and related City lease obligations) under the Series 2016 Bonds, and transfer from JPMorgan to RBC and favorable amendment of the City's obligations under the JPMorgan Swaps. In addition, by terminating the Swaption, the City will regain the ability to refund the 2009 Bonds in 2019 for savings, which the City expects, based upon current interest rates, could be substantial.

ESTIMATED SOURCES AND USES OF FUNDS

In connection with the original issuance of the Series 2016 Bonds, the following sources and uses of funds were applied.

Sources of Funds	
Principal Amount of Series 2016 Bonds	$28,390,000.00
Plus: Original Issue Premium	1,393,618.60
TOTAL SOURCES	$29,783,618.60
Uses of Funds	
Payment of Termination Payments[(1)]	$28,554,000.00
Deposit to Interest Account[(2)]	161,000.00
Costs of Issuance[(3)]	1,068,618.60
TOTAL USES	$29,783,618.60

(1) See "PLAN OF FINANCE."
(2) To be applied to interest on the Series 2016 Bonds.
(3) Includes legal fees, financial advisory fees, financing and consulting fees, Underwriter's Discount, fees of Bond Counsel and Disclosure Counsel, printing costs, rating agency fees, and other miscellaneous expenses. For a description of the Underwriter's discount, see "UNDERWRITING."

THE SERIES 2016 BONDS

Following is a summary of certain provisions of the Series 2016 Bonds. Reference is made to the Series 2016 Bonds for the complete text thereof and to the Trust Agreement for a more detailed description of these provisions. The discussion herein is qualified by such reference. See APPENDIX C– "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

General

The Series 2016 Bonds will be issued as Fixed Rate Current Interest bonds in the aggregate principal amount of $28,390,000 in denominations of $5,000 or any integral multiple thereof, will be dated the date of delivery thereof, and will mature on November 1 of the years and in the amounts set forth on the inside cover page hereof. Interest on the Series 2016 Bonds is payable from their dated date, at the rates set forth on the inside cover page hereof, on May 1 and November 1 of each year, commencing May 1, 2016 (each an "Interest Payment Date"), to the registered owners thereof as of the Record Date for such payment. "Record Date" means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

The Series 2016 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC," and, together with any successor securities depository, the "Securities Depository"). DTC will act as Securities Depository for the Series 2016 Bonds so purchased. Individual purchases will be made only in book-entry form. Purchasers will not receive physical certificates representing their beneficial ownership interest in the Series 2016 Bonds. So long as the Series 2016 Bonds are registered in the name of Cede & Co., payment of the principal of, premium, if any, and interest on the Series 2016 Bonds will be payable to DTC or its nominee. DTC in turn will remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners. See APPENDIX F–"DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption Provisions

Optional Redemption. The Series 2016 Bonds maturing on or prior to November 1, 2025 are not subject to optional redemption. The Series 2016 Bonds maturing on or after November 1, 2026, are subject to redemption prior to their respective stated maturities at the written direction of the Authority, delivered to the Trustee at least 30 days prior to the Redemption Date, from any moneys deposited by the Authority or the City, as a whole or in part on any date (in such maturities as are designated in writing by the Authority to the Trustee) on or after November 1, 2025, at a redemption price equal to 100% of the principal amount of the Series 2016 Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series 2016 Term Bonds maturing on November 1, 2029 shall be subject to mandatory sinking fund redemption prior to maturity, in part on November 1 of each year on and after November 1, 2021 by lot, from and in the amount of the Mandatory Sinking Fund Payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date without premium.

2029 Term Bond

Date (November 1)	Mandatory Sinking Fund Payment
2021	$1,080,000
2022	1,165,000
2023	1,255,000
2024	1,365,000
2025	1,445,000
2026	1,510,000
2027	1,595,000
2028	1,665,000
2029†	1,730,000

† Maturity.

The Series 2016 Term Bonds maturing on November 1, 2037 shall be subject to mandatory sinking fund redemption prior to maturity, in part on November 1 of each year on and after November 1, 2030 by lot, from and in the amount of the Mandatory Sinking Fund Payments set forth below at a redemption price equal to the sum of the principal amount thereof plus accrued interest thereon to the redemption date without premium.

2037 Term Bond

Date (November 1)	Mandatory Sinking Fund Payment
2030	$1,770,000
2031	1,795,000
2032	1,815,000
2033	1,810,000
2034	1,815,000
2035	1,800,000
2036	1,775,000
2037†	1,750,000

† Maturity.

Extraordinary Redemption of the Series 2016 Bonds. The Series 2016 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as hereinafter provided, as a whole or in part by lot within each stated maturity in integral multiples of $5,000, from prepayments made by the City from the net proceeds received by the City due to a taking of the Facilities or portions thereof under the power of eminent domain, or from net proceeds of insurance received from material damage to or destruction of the Facilities or portions thereof or from the net proceeds of title insurance, under the circumstances described in the Trust Agreement and the Facility Lease, at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Series 2016 Bonds are to be redeemed on any one date, the Trustee shall select, in accordance with written directions from the Authority, the Series 2016 Bonds to be redeemed in part from the Outstanding Series 2016 Bonds so that the aggregate annual principal amount of and interest on Series 2016 Bonds which shall be payable after such Redemption Date shall be as nearly proportional as practicable to the aggregate annual principal amount of and interest on Series 2016 Bonds Outstanding prior to such Redemption Date.

Redemption Procedures

Selection of Series 2016 Bonds for Redemption. The Authority shall designate which maturities of Series 2016 Bonds and the principal amount of Series 2016 Bonds which are to be redeemed (other than Series 2016 Bonds subject to redemption pursuant to the Trust Agreement). If less than all Outstanding Series 2016 Bonds of the same Series maturing by their terms on any one date are to be redeemed at any one time, the Trustee shall select the Series 2016 Bonds of such maturity date to be redeemed by lot and shall promptly notify the Authority in writing of the numbers of the Series 2016 Bonds so selected for redemption. For purposes of such selection, Series 2016 Bonds shall be deemed to be composed of multiples of minimum of $5,000 and any such multiple may be separately redeemed. In the event Series 2016 Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption.

Notice of Redemption; Cancellation; Effect of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date to the respective Bondholders of the Series 2016 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee. Each notice of redemption shall state the date of such notice, the date of issue of the Series 2016 Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity date or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Bonds of such maturity, to be redeemed and, in the case of Series 2016 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on said date there will become due and payable on each of said Series 2016 Bonds the Redemption Price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Series 2016 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice shall not invalidate any of the proceedings taken in connection with such redemption.

The Trustee may give a conditional notice of redemption prior to the receipt of all funds or satisfaction of all conditions necessary to effect the redemption, provided that redemption shall not occur unless and until all conditions have been satisfied and the Trustee has on deposit and available or, if applicable, has received, all of the funds necessary to effect the redemption; otherwise, such redemption shall be cancelled by the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

The Authority may, at its option, on or prior to the date fixed for redemption in any notice of optional redemption, rescind and cancel such notice of redemption by Written Request to the Trustee and the Trustee shall mail notice of such cancellation to the recipients of the notice of redemption being cancelled.

If notice of redemption has been duly given as aforesaid and money for the payment of the Redemption Price of the Series 2016 Bonds called for redemption plus accrued interest to the redemption date is held by the Trustee, then on the redemption date designated in such notice Series 2016 Bonds so called for redemption shall become due and payable, and from and after the date so designated interest on such Series 2016 Bonds shall cease to accrue, and the Bondholders of such Series 2016 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof plus accrued interest to the Redemption Date.

All Series 2016 Bonds redeemed pursuant to the redemption provisions provided in the Trust Agreement shall be cancelled and destroyed by the Trustee in accordance with the Trust Agreement, including furnishing the Authority with a certificate of destruction upon its request.

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DEBT SERVICE REQUIREMENTS

The semi-annual debt service amounts (which is equal to the Base Rental payable by the City to the Trustee under the Facility Lease on October 15 and April 15 each year, see "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments") required to be set aside relating to the Series 2016 Bonds are as shown below:

Date	Principal	Interest	Total	Fiscal Year Total
May 1, 2016	–	$328,380.56	$328,380.56	$328,380.56
November 1, 2016	–	671,687.50	671,687.50	–
May 1, 2017	–	671,687.50	671,687.50	1,343,375.00
November 1, 2017	–	671,687.50	671,687.50	–
May 1, 2018	–	671,687.50	671,687.50	1,343,375.00
November 1, 2018	–	671,687.50	671,687.50	–
May 1, 2019	–	671,687.50	671,687.50	1,343,375.00
November 1, 2019	$235,000	671,687.50	906,687.50	–
May 1, 2020	–	665,518.75	665,518.75	1,572,206.25
November 1, 2020	1,015,000	665,518.75	1,680,518.75	–
May 1, 2021	–	638,875.00	638,875.00	2,319,393.75
November 1, 2021	1,080,000	638,875.00	1,718,875.00	–
May 1, 2022	–	609,175.00	609,175.00	2,328,050.00
November 1, 2022	1,165,000	609,175.00	1,774,175.00	–
May 1, 2023	–	577,137.50	577,137.50	2,351,312.50
November 1, 2023	1,255,000	577,137.50	1,832,137.50	–
May 1, 2024	–	542,625.00	542,625.00	2,374,762.50
November 1, 2024	1,365,000	542,625.00	1,907,625.00	–
May 1, 2025	–	505,087.50	505,087.50	2,412,712.50
November 1, 2025	1,445,000	505,087.50	1,950,087.50	–
May 1, 2026	–	465,350.00	465,350.00	2,415,437.50
November 1, 2026	1,510,000	465,350.00	1,975,350.00	–
May 1, 2027	–	423,825.00	423,825.00	2,399,175.00
November 1, 2027	1,595,000	423,825.00	2,018,825.00	–
May 1, 2028	–	379,962.50	379,962.50	2,398,787.50
November 1, 2028	1,665,000	379,962.50	2,044,962.50	–
May 1, 2029	–	334,175.00	334,175.00	2,379,137.50
November 1, 2029	1,730,000	334,175.00	2,064,175.00	–
May 1, 2030	–	286,600.00	286,600.00	2,350,775.00
November 1, 2030	1,770,000	286,600.00	2,056,600.00	–
May 1, 2031	–	251,200.00	251,200.00	2,307,800.00
November 1, 2031	1,795,000	251,200.00	2,046,200.00	–
May 1, 2032	–	215,300.00	215,300.00	2,261,500.00
November 1, 2032	1,815,000	215,300.00	2,030,300.00	–
May 1, 2033	–	179,000.00	179,000.00	2,209,300.00
November 1, 2033	1,810,000	179,000.00	1,989,000.00	–
May 1, 2034	–	142,800.00	142,800.00	2,131,800.00
November 1, 2034	1,815,000	142,800.00	1,957,800.00	–
May 1, 2035	–	106,500.00	106,500.00	2,064,300.00
November 1, 2035	1,800,000	106,500.00	1,906,500.00	–
May 1, 2036	–	70,500.00	70,500.00	1,977,000.00
November 1, 2036	1,775,000	70,500.00	1,845,500.00	–
May 1, 2037	–	35,000.00	35,000.00	1,880,500.00
November 1, 2037	1,750,000	35,000.00	1,785,000.00	1,785,000.00
TOTAL	$28,390,000	$17,887,455.56	$46,277,455.56	$46,277,455.56

THE FACILITIES

General

The Authority will lease the Facilities to the City pursuant to the Facilities Lease. The City covenants in the Facility Lease to use the Facilities for public purposes.

The facilities described below constitute the Facilities, the Base Rental Payments made by the City under the Facility Lease for which secure repayment of the Series 2016 Bonds. Under the Facility Lease, the City may substitute real property as part of the Facilities from time to time. In addition, the City and the Authority may be required to add additional Facilities in connection with the issuance of Additional Bonds. See also "SECURITY FOR THE SERIES 2016 BONDS–Substitution of Facilities" and "–Additional Bonds."

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Description of the Facilities

The following table sets forth certain details of the Facilities, including, among other things, terms under the Facility Lease and valuations.

Facility	Address	Completion Date[1]	Type of Construction	Approx. Building Square Footage	Estimated Market Value[2]
Senior Center and Employment and Training Building	330 25th Street / 2525 Macdonald Avenue	1977	[3]	32,794	$6,053,749
Fire Station #62	1065 7th Street	1970	[4]	6,093	901,478
Fire Station #62 – Parking Garage	1065 7th Street	1970	[4]	1,008	84,070
Richmond Plunge/Natatorium	1 E. Richmond Avenue	2010	[3]	28,571	6,097,147
Parking Garage	11th Street and Nevin Avenue	1979	–	85,061	4,873,496
Memorial Youth Center	3230 MacDonald Avenue	1949	–	31,051	6,534,060
Booker T. Anderson East Shore Community Center	960 South 47th Street	1970	[5]	12,500	2,522,536
Booker T. Anderson – Restroom Building	960 South 47th Street	1980	[6]	806	184,527
Shields-Reid Community Center	1410 Kelsey Street	1979	[7]	10,923	2,256,218
TOTAL					$29,507,281

(1) Date of completion of construction or most recent substantial renovation.
(2) Estimated Market Value is equal to the insured value of each Facility, as determined by the City. This value does not include the value of the associated land.
(3) Concrete floor, metal roof diaphragm and shear walls structure.
(4) Plywood roof diaphragm and reinforced concrete masonry block walls structure.
(5) Concrete columns, plywood walls and roof diaphragm structure.
(6) Masonry construction, wood roof structure.
(7) Concrete tilt-up walls with pilasters and plywood roof diaphragm.
Source: City of Richmond.

Further description of certain Facilities is set forth below:

Senior Center and Employment and Training Building. This Facility is a two-story center for senior citizens from the City. The center provides fitness, nutrition and health programs, social activities and field trips.

Richmond Plunge/Natatorium. This Facility is an indoor swimming pool that hosts a variety of aquatic recreation and cultural programs.

Parking Garage. This Facility is a three-story, 750-space parking garage located at the Richmond station of the Bay Area Rapid Transit. Parking is available for events within the City and surrounding businesses for a fee.

Memorial Youth Center. This Facility is a two-story center that conducts youth recreation and cultural programs and includes basketball courts.

Booker T. Anderson East Shore Community Center and Restroom Building. These Facilities are each one-story structures. The community center conducts a variety of entertainment, recreation and cultural programs for adults, seniors and youths.

Shields-Reid Community Center. This Facility is a one-story structure that is used for entertainment and recreation purposes.

The Facilities, other than Fire Station No. 62 and the adjacent garage, serve citizens of the City and are available for rental by the public.

Each of the Facilities is subject to "Permitted Encumbrances" as defined in the Trust Agreement. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–CERTAIN DEFINITIONS."

SECURITY FOR THE SERIES 2016 BONDS

Pledge Under the Trust Agreement

The Trust Agreement provides that the Series 2016 Bonds are payable solely from, and are secured by a lien on all Revenues (as defined below), any other amounts (including proceeds of the sale of the Series 2016 Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities. "Revenues" consist of (a) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (b) all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facility Lease.

The Series 2016 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Series 2016 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2016

Bonds as provided in the Trust Agreement. The Series 2016 Bonds are not a debt of the City, the State or any of its political subdivisions, and none of the City, the State or any of its political subdivisions is liable thereon, nor in any event shall the Series 2016 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE SERIES 2016 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OR SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY, FORMERLY KNOWN AS THE RICHMOND REDEVELOPMENT AGENCY, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

No Reserve Account

The Authority has determined that a reserve account will not be established or maintained for the Series 2016 Bonds. Any reserve account established under the Trust Agreement for any additional Series of Bonds will not secure the Series 2016 Bonds.

Base Rental Payments

Revenues of the Authority pledged under the Trust Agreement to the payment of the Series 2016 Bonds consist primarily of the Base Rental Payments to be made by the City to the Authority under the Facility Lease.

General. As rental for the right to use and occupy the Facilities, the City agrees to pay to the Authority, Base Rental Payments as annual rental payments comprised of the principal components, and semi-annual interest components in accordance with the Facility Lease. Base Rental Payments are to be paid by the City directly to the Trustee calculated on an annual basis, for each Rental Payment Period, and each annual Base Rental shall be divided into two interest components, due on October 15 and April 15, and one principal component, due on October 15, except that the first Rental Payment Period commences on the date of recordation of the Facility Lease and ends on November 1, 2016. The interest components of the Base Rental Payments shall be paid by the City as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the City hereunder, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in installments as aforesaid) shall be for the use of the Facilities for the twelve month period commencing on the November 2 of the period in which such installments are payable.

City General Fund Obligation. The obligation of the City to pay Base Rental Payments and Additional Payments when due is a General Fund obligation of the City. THE CITY HAS NOT PLEDGED THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR ANY AGENCY OR DEPARTMENT THEREOF TO THE PAYMENT OF SUCH BASE RENTAL PAYMENTS.

Notwithstanding any dispute between the City and the Authority, the City must make all Base Rental Payments and Additional Payments when due without deduction or offset of any kind and cannot withhold any such payments pending final resolution of such dispute. The Facility Lease is a "net-net-net lease" and the City agrees that the rents will be an absolute net return to the Authority free and clear of any expenses, charges or set-offs whatsoever.

Covenant to Budget and Appropriate. Pursuant to the Facility Lease, the City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as shall be required to provide funds in such year for such Base Rental Payments and Additional Payments. Such covenants are deemed to be duties imposed by law, and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants.

Insurance. The Facilities will be insured to the extent set forth in the Facility Lease and as summarized below. All polices provided by commercial insurers for fire and extended coverage, liability insurance, and rental interruption or use and occupancy insurance, are to be provided by commercial insurers rated "A-" or better by AM Best Rating. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE–Insurance–Fire and Extended Coverage Insurance" "–Liability Insurance," "–Rental Interruption or Use and Occupancy Insurance," "–Worker's Compensation" and "–Title Insurance."

Fire and Extended Coverage. The City is required to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, flood insurance, but only with respect to such portions of the Facilities that are situated in any zone designated by the U.S. Government as a flood zone, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City. The extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance is required to be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of land (except that such insurance may be subject to a deductible clause for any one loss of not to exceed $500,000), or comparable amount adjusted for inflation or more in the case of earthquake insurance or, in the alternative, in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable the City to prepay the Base Rental Payments then unpaid pursuant to the Facility Lease, and redeem all outstanding Series 2016 Bonds. Pursuant to the Facility Lease the City may self-insure for such risks. The proceeds of such insurance must be used to repair, reconstruct or replace the Facilities or any portion thereof which is destroyed or damaged or to redeem the Series 2016 Bonds. For information regarding the City's insurance coverage generally, see APPENDIX A–"CERTAIN FINANCIAL, DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND."

Liability Insurance. The City is required to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facility Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, insuring said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of $1,000,000 per occurrence and $3,000,000. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks in aggregate. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing the liability insurance required by the Facility Lease, or any portion thereof, the City may provide self insurance or plan of protection or participate in a joint powers authority

or other program providing pooled insurance to the extent such self insurance method or plan of protection shall afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the City.

Rental Interruption or Use and Occupancy Insurance. The City is required to procure or cause to be procured and maintain or cause to be maintained rental interruption or use and occupancy insurance to cover loss, total or partial, of rental income from or the use of the Facilities as the result of any of the hazards covered by insurance required by the Facility Lease (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City, and provided further that such rental interruption insurance coverage may not be provided by a plan of self insurance), in an amount sufficient to pay the part of the total rent under the Facility Lease attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two years, except that such rental interruption and use and occupancy insurance may be subject to a deductible clause of not to exceed $250,000 or a comparable amount adjusted for inflation (or more in the case of earthquake coverage). Any proceeds of such insurance is required to be used by the Trustee to reimburse to the City any rental theretofore paid by the City under the Facility Lease attributable to such structure for a period of time during which the payment of rental under the Facility Lease is abated, and any proceeds of such insurance not so used shall be applied, to the extent required for the payment of Base Rental, and to the extent required for the payment of Additional Payments, and any remainder shall be treated as Revenue under the Trust Agreement.

Worker's Compensation. The City is required to maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the California Labor Code, as applicable to cities, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

Title Insurance. The City is required to obtain, for the benefit of the Authority and the Trustee, upon the execution and delivery of the Facility Lease, title insurance on the Facilities, in an amount equal to the aggregate principal amount of the Series 2016 Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances. See APPENDIX C– "SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE– Insurance–Title Insurance."

Abatement. Base Rental Payments and Additional Payments are paid by the City in each rental payment period for and in consideration of the right of use and occupancy of the Facilities during each such period for which said rental is to be paid. The Base Rental Payments (including any deferred rental due under the Facility Lease) will be abated proportionately during any period in which by reason of any damage or destruction or defect in title (other than by condemnation which is otherwise provided for in the Facility Lease) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement will continue for the period commencing with such damage, destruction or defect in title and ending with the substantial completion of the work of repair, reconstruction or resolution of the defect. In the event of any such damage or destruction or defect, the Facility Lease continues in full force and effect and will be extended and the City waives any right to terminate the Facility Lease by virtue of any such damage, destruction or defect. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the

funds and accounts established under the Trust Agreement, Base Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts. Base Rental Payments by the City will commence upon use and occupancy of the Facilities as provided in the Facility Lease. See "CERTAIN RISK FACTORS–Abatement Risk" and APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE–Insurance–Fire and Extended Coverage Insurance," "–Rental Interruption or Use and Occupancy Insurance" and "–Option to Purchase."

Default and Remedies. Events of Default under the Facility Lease include the following: (i) the failure of the City to pay any rental payable under the Facility Lease when the same becomes due and payable, (ii) the failure of the City to keep, observe or perform any term, covenant or condition of the Facility Lease to be kept or performed by the City after notice and the elapse of a 60-day grace period, (iii) the City's interest in the Facility Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as provided for in the Facility Lease, (iv) the City or any assignee shall file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general or any assignment for the benefit of the City's creditors, or if the City shall make a general or any assignment for the benefit of the City's creditors, or (v) if the City shall abandon or vacate the Facilities.

Upon the occurrence of any Event of Default described above, the City will be deemed to be in default under the Facility Lease and the Trustee may exercise any and all remedies available pursuant to law or granted to the Authority pursuant to the Facility Lease and assigned to the Trustee pursuant to the Trust Agreement. Upon any such default, the Trustee, as assignee of the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(a) To terminate the Facility Lease in the manner in the Facility Lease provided, notwithstanding any re-entry or re-letting of the Facilities as described by paragraph (b) below, and to reenter the Facilities and, to the extent permitted by law, remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County.

(b) Without terminating the Facility Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision of the Facility Lease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the Facilities.

In addition to the other remedies set forth above, upon the occurrence of an Event of Default, the Trustee, as assignee of the Authority, shall be entitled to proceed to protect and enforce the rights vested in the Trustee, as assignee of the Authority, by the Facility Lease and under the Site Lease or by law or by equity. The provisions of the Facility Lease and the duties of the City and of its trustees, officers or employees shall be enforceable by the Trustee, as assignee of the Authority, by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the

generality of the foregoing, the Trustee, as assignee of the Authority, shall have the right to bring the following actions:

Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Facility Lease.

If an Event of Default occurs under the Facility Lease, there is no remedy of the acceleration of the total Base Rental Payments due over the term of the Facility Lease, and the Trustee is not empowered to sell a fee simple interest in the Facilities and use the proceeds of such sale to redeem the Series 2016 Bonds or pay debt service thereon. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE–Default; Remedies."

For a further description of the provisions of the Facility Lease, including the terms thereof and a description of certain covenants therein, including construction, maintenance, utilities, taxes, assessments, insurance and events of default and available remedies, see APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE."

For information regarding the City, see APPENDIX A and APPENDIX B attached hereto. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Substitution of Facilities

Pursuant to the Facility Lease, the City and the Authority may substitute real property for all or for part of the Facilities for purposes of this Facility Lease ("Substitute Property"), but only after the City shall have filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

(a) Executed copies of the Facility Lease or amendments thereto containing the amended description of the Facilities to reflect the Substitute Property.

(b) A Certificate of the City with copies of the Facility Lease or the Site Lease, if needed, or amendments thereto containing the amended description of the Facilities to reflect the Substitute Property stating that such documents have been duly recorded in the official records of the County Recorder of the County.

(c) A Certificate of the City stating that the Facilities, as amended, are essential to the operations of the City.

(d) A Certificate of the City, stating that the City intends to use and maintain the Substitute Property for at least the remaining term of the Bonds, and that the annual fair rental value of the Facilities which will constitute the Facilities after such substitution will be at least equal to the 100% of the maximum amount of Base Rental Payments becoming due in the then current year ending November 1 or in any subsequent year ending November 1 during the term of the Bonds.

(e) Either (i) a policy of title insurance in an amount equal to the principal amount of Bonds then Outstanding (or, if only part of the Facilities will be substituted, in an amount equal to such proportion of the principal amount of the Bonds then Outstanding as the fair rental value of the Substitute Property bears to the fair rental value of the existing Facilities), naming the City as insured owner and showing good and marketable title to the Substitute Property, or (ii) a Certificate of the City stating that, based upon a Title Commitment, if available, the City has good and marketable title to the Substitute Property. The term "Title Commitment" shall mean an irrevocable commitment to issue a CLTA standard coverage owner's policy of title insurance, issued by a national title insurance company, which policy if issued would insure fee simple title in the City, or if not available, a preliminary title report issued by a national title insurance company, in each case subject only to such exceptions to title as would not render such property insufficient for the needs and operations of the City.

(f) A Certificate of the City stating that such substitution does not adversely affect the City's use and occupancy of the Facilities.

(g) An Opinion of Counsel stating that such substitution (i) complies with the terms of the Constitution and laws of the State and of the Trust Agreement and (ii) will not in and of itself cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Option to Purchase

The City may exercise an option to purchase the Facilities or any portion or item thereof, upon: (i) deposit with the Trustee at or prior to the due dates of the Base Rental Payments in trust for the benefit of the Owners of the Series 2016 Bonds, sufficient moneys and certain Permitted Investments as described in the Trust Agreement, to pay all principal, premium, if any, and interest on the Series 2016 Bonds to the due date of the Series 2016 Bonds or date when the City exercises its option to purchase the Facilities, as the case may be; (ii) satisfaction of all requirements contained in the Trust Agreement for the discharge of Series 2016 Bonds; and (iii) execution of an agreement with the Trustee for the payment of its fees and expenses so long as any of the Series 2016 Bonds will remain unpaid, then and in that event the right, title and interest of the Authority in the Facility Lease and the obligations of the City under the Facility Lease will thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof will be transferred and conveyed to the City. In such event, the Authority will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority will pay over to the City as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant to the Facility Lease other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and will be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

The City will have the option to purchase the interest of the Authority in any part of Facilities upon payment of an option price consisting of moneys or certain Permitted Investments as described in the Trust Agreement in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facility Lease of the part of the total rent attributable under the Facility Lease to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such

payment is required to be made to the Trustee, is required to be treated as rental payments, and is required to be applied by the Trustee to pay the principal of the Series 2016 Bonds and interest on the Series 2016 Bonds and to redeem Series 2016 Bonds if such Series 2016 Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the provisions of the Indenture regarding Discharge of Bonds, (i) the Base Rental thereafter payable under the Facility Lease will be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this section, (ii) the provisions of the Facility Lease regarding Rental Abatement and this section will not thereafter be applicable to such part of the Facilities, (iii) the insurance required by the provisions of the Facility Lease regarding fire and extended coverage insurance, liability insurance and rental interruption or use and occupancy insurance of the Facility Lease need not be maintained as to such part of the Facilities, and (iv) title to such part of the Facilities, including the portion of the Facilities upon which such part of the Facilities is located will vest in the City and the term of the Facility Lease will end as to Facilities, including the portion of the Facilities upon which such part of the Facilities is located.

See also See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–FACILITY LEASE–Option to Purchase."

Additional Bonds

In addition to the Series 2016 Bonds, the Authority and the Trustee may by supplemental Trust Agreement provide for the issuance of Additional Bonds, subject to satisfaction of certain provisions contained in the Trust Agreement. Additional Bonds will be payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues equal to the pledge, charge and lien securing the Outstanding Bonds theretofore issued under the Trust Agreement, subject to the terms and conditions of the Trust Agreement. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–THE TRUST AGREEMENT–Additional Bonds" herein.

Investment of Bond Funds

Pursuant to the Trust Agreement, all money held by the Trustee in any of the funds or accounts established pursuant to the Trust Agreement are required to be invested only in "Permitted Investments" as defined in the Trust Agreement. See APPENDIX C–"SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS–CERTAIN DEFINITIONS."

CERTAIN RISK FACTORS

The following factors, which represent material risk factors that have been identified at this time, should be considered along with all other information in this Official Statement by potential investors in evaluating the Series 2016 Bonds. The following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to making an investment decision with respect to the Series 2016 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. There can be no assurance made that other risk factors will not become evident at any future time.

General

The Series 2016 Bonds are payable solely from the Revenues of the Authority under the Trust Agreement consisting primarily of the Base Rental Payments payable by the City pursuant to the Facility Lease for the beneficial use and occupancy of the Facilities.

The practical realization of any rights upon default by the City under the Facility Lease will depend upon the exercise of various remedies specified in such instrument, as restricted by state and federal law. The federal bankruptcy laws may have an adverse effect on the ability of the Trustee to enforce its rights under the Trust Agreement and of the Authority to enforce its rights under the Facility Lease. See "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments–*Default and Remedies*" and "–Limitation on Remedies" herein.

In certain situations, with the consent of the Owners of a majority in principal amount of the Outstanding Bonds, certain amendments to the Trust Agreement and the Facility Lease may be made. Such amendments could affect the security of the Bondholders.

Future economic and other conditions may adversely affect the value or essential nature of the Facilities and, consequently, the value of the Facilities to the Authority in exercising available remedies upon default by the City. In addition, there are certain other factors discussed herein as a result of which certain remedies available to the Trustee or the Authority may not be a viable option.

Limited Obligation

The Series 2016 Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Series 2016 Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Series 2016 Bonds as provided in the Trust Agreement. The Series 2016 Bonds are not a debt of the City, the State or any of its political subdivisions, and none of the City, the State of California or any of its political subdivisions is liable thereon, nor in any event shall the Series 2016 Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. NEITHER THE FULL FAITH AND CREDIT OF THE AUTHORITY NOR THE CITY IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS AND NO TAX OR OTHER SOURCE OF FUNDS OTHER THAN THE REVENUES IS PLEDGED TO PAY THE INTEREST ON OR PRINCIPAL OF THE SERIES 2016 BONDS. NEITHER THE PAYMENT OF THE PRINCIPAL OF NOR INTEREST ON THE SERIES 2016 BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE CITY OR SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY, FORMERLY KNOWN AS THE RICHMOND REDEVELOPMENT AGENCY, THE PARTIES TO THE AGREEMENT CREATING THE AUTHORITY.

Base Rental Payments

General. The Base Rental Payments and Additional Payments due under the Facility Lease (including insurance, payment of costs of repair and maintenance of the Facilities, taxes and other governmental charges and assessments levied against the Facilities) are not secured by any pledge of taxes or other revenues of the City but are payable from any funds lawfully available to the City. The City has incurred and will incur other obligations in the future payable from the same sources as the Base Rental Payments. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other City obligations before making Base Rental Payments. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. The City's appropriations, however, have never exceeded the limitation on appropriations under Article XIII B of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Article XIII B of the State Constitution."

Covenant to Budget and Appropriate. Pursuant to the Facility Lease, the City covenants to take such action as may be necessary to include Base Rental Payments and Additional Payments due in its annual budgets and to make the necessary annual appropriations for all such payments. See "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments" herein. Such covenants are deemed to be duties imposed by law, and it is the duty of the public officials of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenants. Upon issuance of the Series 2016 Bonds, Bond Counsel will render its opinion (substantially in the form of APPENDIX E attached hereto) to the effect that, subject to the limitations and qualifications described therein, the Facility Lease constitutes a valid and binding obligation of the City. As to the Trustee's or the Authority's practical realization of remedies upon default by the City, see "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments–*Default and Remedies*" and "–Limitations on Remedies" herein.

Abatement Risk

During any period in which, by reason of any damage or destruction or defect in title (other than by condemnation as provided in the Facility Lease, there is substantial interference with the use and occupancy by the City of any portion of the Facilities, rental payments due under the Facility Lease with respect to the Facilities will be abated proportionately, and the City waives any and all rights to terminate the Facility Lease by virtue of any such damage, destruction or defect and the Facility Lease shall continue in full force and effect. See "SECURITY FOR THE SERIES 2016 BONDS–Base Rental Payments–*Abatement*."

No Acceleration Upon Default

In the event of a default, there is no remedy of acceleration of the total Base Rental Payments due over the term of the Facility Lease and the Trustee is not empowered to sell a fee simple interest in the Facilities and use the proceeds of such sale to prepay the Series 2016 Bonds or pay debt service thereon. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest as described below.

Limitation on Remedies

The enforcement of any remedies provided in the Facility Lease and Trust Agreement could prove both expensive and time consuming. Although the Facility Lease provides that if the City defaults the Trustee, as assignee of the Authority, may reenter the Facilities and re-let it, portions of the Facilities may not be easily recoverable, and even if recovered, could be of little value to others because of the Facilities' specialized nature. Additionally, the Trustee may have limited ability to re-let the Facilities to provide a source of rental payments sufficient to pay the principal of and interest on the Series 2016 Bonds so as to preserve the tax-exempt nature of interest on the Series 2016 Bonds. The Trustee is not obligated to re-let the Facilities in a manner so as to preserve the tax-exempt nature of interest on the Series 2016 Bonds. Furthermore, due to the governmental nature of the Facilities, it is not certain whether a court would permit the exercise of the remedy of re-letting with respect thereto.

Alternatively, the Trustee may terminate the Facility Lease and proceed against the City to recover damages pursuant to the Facility Lease. Any suit for money damages would be subject to limitations on legal remedies against public agencies in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

The rights of the Owners of the Series 2016 Bonds are subject to certain limitations on legal remedies against cities and other governmental entities in the State, including but not limited to a limitation on enforcement against funds that are otherwise needed to serve the public welfare and interest. Additionally, the rights of the Owners of the Series 2016 Bonds may be subject to (i) bankruptcy, insolvency, reorganization, moratorium, or similar laws limiting or otherwise affecting the enforcement of creditors' rights generally (as such laws are now or hereafter may be in effect), (ii) equity principles (including but not limited to concepts of materiality, reasonableness, good faith and fair dealing) and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or law, (iii) the exercise by the United States of America of the powers delegated to it by the Constitution, and (iv) the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs bankruptcy proceedings for public agencies, there are no involuntary petitions in bankruptcy. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners, the Trustee and the Authority could be prohibited or severely restricted from taking any steps to enforce their rights under the Facility Lease and from taking any steps to collect amounts due from the City under the Facility Lease.

City Obligations

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

Investment of Funds

All investments, including the Permitted Investments and other investments made by the City, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected, loss of market value and loss or delayed receipt of principal. The occurrence of these events with respect to amounts held under the Trust Agreement or by the City could have a material adverse effect on the security of the Series 2016 Bonds.

Natural Disasters

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

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

It is possible that new geological faults could be discovered in the area and a significant earthquake along these or other faults is possible during the period that the Series 2016 Bonds will be outstanding which may cause a delay or suspension of receipt of revenues by the City.

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

It is believed that the City is not at great risk of earthquake-triggered tsunamis due to natural attenuation across San Francisco Bay and Brooks Island located near the City. If a tsunami did occur on the open ocean, it is expected that waves would dissipate as they moved through the San Francisco Bay and past Angel Island, and that the tidal flats would absorb much of the impact. There were no tsunami impacts to the City as a result of the 9.0 magnitude Tōhoku, Japan earthquake that occurred on March 11, 2011.

Climate Change

In March 2009, the California Climate Change Center released a draft paper, for informational purposes only, which was funded by the California Energy Commission, the California Environmental Protection Agency, the Metropolitan Transportation Commission, the California Department of Transportation and the California Ocean Protection Council. The title of the paper is "*The Impacts of Sea-Level Rise on the California Coast*." The paper posits that increases in sea level will be a significant consequence of climate change over the next century.

Local impacts of climate change are not definitive, but the City could experience changes to local and regional weather patterns; rising bay water levels; increased risk of flooding; changes in salinity and tidal patterns of San Francisco and San Pablo bays; coastal erosion; water restrictions; and vegetation changes. The San Francisco Bay Conservation and Development Commission identified several portions of the shoreline in the City which may be affected by sea level rise.

The adoption by the State of the California Global Warming Solutions Act of 2006 (AB 32) and subsequent companion bills demonstrate the commitment by the State to take action and reduce greenhouse gases (GHG) to 1990 levels by 2020. The State Attorney General's Office, in accordance with SB 375, requires that local governments examine local policies and large-scale planning efforts to determine how to reduce greenhouse gas emissions.

The City is taking steps to reduce its GHG emissions and mitigate the potential effects of climate change, both through its municipal operations and by encouraging residents, industry, businesses and developers to reduce their energy consumption. In 2008, the City initiated a Citywide GHGs emissions inventory as a means of establishing a baseline for greenhouse gas emissions, identifying existing sources of energy use and providing a foundation from which to develop relevant energy and climate change policies.

On April 25, 2012, the City Council adopted the "*Richmond General Plan 2030*" to guide sustainable growth and development within the City. The General Plan includes, among other matters, an energy and climate change element that identifies goals, policies and implementing actions to address energy conservation, renewable energy production and use, sustainable business development, responsible community revitalization and reduction of climate change impacts within the City. The City is creating a Climate Action Plan (the "CAP") to assist in achieving the goals of AB 32 and SB 375. The CAP is expected to address the direct impacts of climate change within the City, including but not limited to changes in weather patterns, increasing frequencies of heat waves, changes in water availability and precipitation and access to food.

Climate change concerns are leading to new laws and regulations at the federal, State and local levels. The City is unable to predict the impact such laws and regulations, if adopted, will have on future development within the City. The effects, however, could be material.

Bankruptcy

The rights of the Owners of the Series 2016 Bonds are subject to certain limitations in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the Owners of the Series 2016 Bonds, and the obligations incurred by the City, respectively, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Series 2016 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Litigation

The City may be or become a party to litigation which has an impact on the General Fund. While the City maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents, the City cannot predict what types of liabilities may arise in the future. See also "ABSENCE OF MATERIAL LITIGATION."

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State in a manner that could result in a reduction of the City's revenues and therefore a reduction of the funds legally available to the City to make debt service payments on the Series 2016 Bonds. See, for example, "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS–Article XIII C and Article XIII D of the State Constitution."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2016 Bonds or, if a secondary market exists, that any Series 2016 Bonds can be sold for any particular price. Prices of municipal securities for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price. No assurance can be given that the market price for the Series 2016 Bonds will not be affected by the introduction or enactment of any future legislation, or changes in interpretation of existing law.

Hazardous Substances

One of the more serious concerns in terms of the potential reduction in the value of property within the City is a claim with regard to a hazardous substance. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. Within the City, there are various industrial and manufacturing

facilities, including crude oil refineries, chemical plants, petrochemical storage and distribution facilities, auto dismantlers, railroad yards, brownfields and other heavy manufacturing.

The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act" is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator of the property is obligated to remedy a hazardous substance condition of the property whether or not the owner or operator has anything to do with creating or handling the hazardous substance.

The effect of the presence of hazardous substances on a substantial number of parcels within the City would be to reduce the marketability and value of such parcels by the costs of, and any liability incurred by, remedying the hazardous substances, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the financial and legal liability of a property owner to develop the affected parcel or other parcels, as well as the value of the property that is realizable upon a delinquency and foreclosure.

The value of property within the City does not take into account the possible reduction in marketability and value of any of the parcels by reason of the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the parcel.

Further, it is possible that liabilities may arise in the future with respect to any property resulting from the existence, currently, on such property of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of property within the City.

Taxpayer Concentration

Chevron owns 85 parcels within the City, including a refinery (collectively, the "Chevron Properties"), that collectively represented approximately 22.7% of the total Fiscal Year 2014-15 assessed value in the City. Chevron also pays other taxes attributable to the City's General Fund, including but not limited to, the Utility Users Tax and the Business License Act Tax (also known as Measure T) that represent a significant percentage of General Fund revenues. See APPENDIX A–"CERTAIN FINANCIAL, DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Fund Revenue Sources." Any reduction in the assessed value of the Chevron Properties could have a material negative effect on the General Fund and the ability of the City to pay Base Rental Payments. For example, a fire at the refinery in 2012 resulted in a temporary shutdown of operations, and a temporary reduction in property taxes paid to the City in Fiscal Year 2013-14. See APPENDIX A–"CERTAIN FINANCIAL, DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Fund Revenue Sources–*County Property Tax Collection Process and Assessed Valuation*–Fiscal Year 2013-14." Furthermore, Chevron has in the past challenged, appealed and litigated taxes and other fees in an effort to reduce the amount of taxes it pays to the City. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Fund Revenue Sources." In addition, Chevron, as a multinational oil corporation, faces various financial, legal, regulatory, political, environmental and economic risks that could have a material

negative impact on its finances. These risks include but are not limited to: volatility in commodity prices, liability for environmental disasters, terrorism, political instability in countries where Chevron has facilities, and manmade or natural disasters. These or other issues could have a negative effect on Chevron's operations in the City or elsewhere, and could negatively impact Chevron's presence in the City and/or its ability to pay taxes to the City.

Assessment Appeals and Reductions in Assessed Value

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

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

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

The City has been and may in the future be affected by a reduction in taxable property assessed values due to successful property owner appeals and/or unilateral reductions by the County Assessor. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND–FINANCIAL OPERATIONS–Major General Fund Revenue Sources–*Assessment Appeals."*

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIII A of the State Constitution

Article XIII A of the State Constitution, known as Proposition 13, was approved by California voters in June 1978. Section 1(a) of Article XIII A limits the maximum *ad valorem* tax on real property to one percent of "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the one percent limitation does not apply to *ad valorem* taxes to pay interest or redemption charges on (1) indebtedness approved by the voters prior to July 1, 1978, (2) any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition, or (3) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition.

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the 1975-76 fiscal year tax bill or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any additional *ad valorem* property tax except to pay debt service on indebtedness approved by the voters as described above. Such legislation further provides that each county will levy the maximum tax permitted by Article XIII A, which is $1.00 per $100 of taxable value.

Since its adoption, Article XIII A has been amended a number of times. These amendments have created a number of exceptions to the requirement that property be assessed when purchased, newly constructed or a change in ownership has occurred. These exceptions include certain transfers of real property between family members, certain purchases of replacement dwellings for persons over age 55 and by property owners whose original property has been destroyed in a declared disaster, and certain improvements to accommodate disabled persons and for seismic upgrades to property. These amendments have resulted in marginal reductions in the property tax revenues of the City.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIII A.

Article XIII B of the State Constitution

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

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

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

The Article XIII B limits and budgeted appropriations subject to limitation of the City for the last four Fiscal Years and the Budgeted amounts for Fiscal Year 2015-16 are shown in the table below. The City has never exceeded its Article XIII B appropriations limit and does not anticipate having any difficulty in operating within the appropriations limit.

Appropriations Subject to Article XIII B

Fiscal Year	Article XIII B Limit	Budgeted Appropriations Subject to Limitation†
2011-12	$284,606,282	$131,920,560
2012-13	297,787,227	116,374,939
2013-14	315,444,295	127,291,807
2014-15	317,803,017	122,918,938
2015-16	332,912,580	132,123,397

† Restated.
Source: County Auditor-Controller.

Articles XIII C and XIII D of the State Constitution

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

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

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to

the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. The City estimates that in Fiscal Year 2015-16 it will collect no such fees and assessments. Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund. If such repeal or reduction occurs, the City's ability to repay the Series 2016 Bonds could be adversely affected.

Proposition 62

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

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

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

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

In connection with the sale of the Series 2016 Bonds, the City represents that Proposition 62 will not materially impact any existing or future taxes, fees and assessments collected by the City. See APPENDIX A–"CERTAIN FINANCIAL, ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF RICHMOND" for more information.

Unitary Property

The State Revenue and Taxation Code provide that revenues derived from most utility property assessed by the State Board of Equalization ("Unitary Property"), commencing with fiscal year 1988-89, will be allocated as follows: (i) for revenues generated from the one percent tax rate, (a) each jurisdiction will receive a percentage up to 102% of its prior year State-assessed revenue; and (b) if county-wide revenues generated from Unitary Property are less than the previous year's revenues or greater than 102% of the previous year's revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula; and (ii) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. These provisions apply to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

These provisions of the Revenue and Taxation Code do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, the Revenue and Taxation Code allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

Proposition 1A of 2004

Proposition 1A, proposed by the State Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 ("Proposition 1A of 2004") and generally effective in Fiscal Year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A of 2004 generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A of 2004 provides, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A of 2004 also provides that if the State reduces the vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A of 2004 requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 22

On November 2, 2010, the voters of the State also approved Proposition 22, called the "Local Taxpayer, Public Safety and Transportation Protection Act of 2010," which supersedes some parts of Proposition 1A of 2004, prohibits any future action by the State Legislature to take, reallocate or borrow money raised by local governments for local purposes and prohibits changes in the allocation of property taxes among local governments designed to aid State finances. The Proposition 1A of 2004 borrowing completed in Fiscal Year 2008-09 is grandfathered. In addition, superseding Proposition 1A of 2006 (which protects Proposition 42 motor vehicle fuel sales tax transportation revenues from further suspensions), the State is prohibited from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local governments except pursuant to specified procedure involving public notices and hearings. Any law enacted after October 29, 2009 inconsistent with Proposition 22 is repealed. The inability of the State to borrow or redirect property tax or redevelopment funds will reduce the State's flexibility in reaching budget solutions in the future, but may provide local governments with more budgetary stability.

Proposition 26

On November 2, 2010, the voters of the State also approved Proposition 26, known as the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26, among other things, amended Article XIII C to the California Constitution principally to define what constitutes a "tax" under the limitations and requirements of that provision. Article XIII C imposes limitations on local governments like the City when imposing certain taxes, including a requirement that the local government submit certain taxes to the electorate for its approval. Prior to the passage of Proposition 26, Article XIII C did not define the term "tax." The purpose of Proposition 26 is to broadly define what constitutes a tax under Article XIII C to include "any levy, charge, or exaction of any kind imposed by a local government." Proposition 26 lists several exceptions to the definition of "tax," which include (a) a charge for a specific benefit conferred or privilege granted, that does not exceed the reasonable costs of providing the benefit or granting the privilege, (b) a charge for a specific government service or product, that does not exceed the reasonable costs of providing the service or product, (c) a charge for the reasonable regulatory costs of issuing licenses and permits, performing investigations, inspections, and audits, and the administrative enforcement thereof, (d) a charge for entrance to or use of local government property, or the purchase, rental, or lease of local government property, (e) a fine, penalty, or other monetary charge imposed as a result of a violation of law, (f) a charge imposed as a condition of property development and (g) assessments and property related fees imposed in accordance with the provisions of Article XIII D.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D of the State Constitution and the statutes added by Proposition 62 and Proposition 1A of 2004 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, which may place further limitations on the ability of the State, the City or local districts to increase revenues or to increase appropriations which may affect the City's revenues or its ability to expend its revenues.

THE AUTHORITY

The Richmond Joint Powers Financing Authority was formed pursuant to the provisions of Articles 1 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State and a Joint Exercise of Powers Agreement, dated December 1, 1989 (the "Joint Powers Agreement") by and between the City and the Redevelopment Agency of the City of Richmond. The Authority was formed to assist the City in the financing of public capital improvements. The Authority presently acts as lessor for the Facilities, as well as the issuer in other City financings. The Authority functions as an independent entity and its policies are determined by a governing board that consists of the members of the City Council. The Authority has no employees and all staff work is done by the City staff or by consultants to the Authority.

The current officers of the Authority are set forth below and are also the City Manager of the City, the Director of Finance and Treasurer of the City, and the City Clerk of the City, respectively.

Officers
William A. Lindsay, Executive Director
Belinda Warner, Treasurer/Auditor
Pamela Christian, Secretary

THE CITY

The City is located 16 miles northeast of San Francisco on the western shore of Contra Costa County (the "County"), occupies 33.7 square miles of land area on a peninsula that separates the San Francisco Bay from San Pablo Bay, and spans 32 miles of shoreline. The City is an important oil refining, industrial, commercial, transportation, shipping and government center. The City is governed by the City Council, consisting of a Mayor and six other council members. The City is a charter city, which means the City, through its charter (the "Charter"), may regulate municipal affairs, subject only to restrictions and limitations provided in the Charter; in matters other than municipal affairs, the City is subject to State law. The City provides a full range of services contemplated by statute or the Charter, including those functions delegated to cities under State law. See APPENDIX A–"CERTAIN FINANCIAL, DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE CITY OF RICHMOND."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2016 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the Series 2016 Bonds is less than the amount to be paid at maturity of such Series 2016 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2016 Bonds), the difference constitutes "original issue

discount," the accrual of which, to the extent properly allocable to each Owner thereof, is treated as interest on the Series 2016 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2016 Bonds is the first price at which a substantial amount of such maturity of the Series 2016 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2016 Bonds accrues daily over the term to maturity of such Series 2016 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2016 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2016 Bonds. Owners of the Series 2016 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2016 Bonds with original issue discount, including the treatment of Owners who do not purchase such Series 2016 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2016 Bonds is sold to the public.

Series 2016 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2016 Bonds. The Authority and the City have made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2016 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2016 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2016 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person), whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series 2016 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2016 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Although Bond Counsel is of the opinion that interest on the Series 2016 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2016 Bonds may otherwise affect an Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2016 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the

exclusion from gross income of interest on the Series 2016 Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2016 Bonds. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2016 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or the City, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority and the City have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2016 Bonds ends with the issuance of the Series 2016 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the City or the Owners regarding the tax-exempt status of the Series 2016 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority, the City and their appointed counsel, including the Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority or the City legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2016 Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Series 2016 Bonds, and may cause the Authority, the City or the Owners to incur significant expense.

LEGAL MATTERS

The validity of the Series 2016 Bonds and certain other legal matters incident to the issuance of the Series 2016 Bonds are subject to the approving opinion of Orrick, Herrington && Sutcliffe LLP, as Bond Counsel to the Authority. A complete copy of the proposed form of Bond Counsel opinion for the Series 2016 Bonds is contained in Appendix E. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of information contained in this Official Statement. Certain legal matters incident to the issuance of the Series 2016 Bonds will be passed upon for the Authority and the City by the City Attorney and Schiff Hardin LLP, Disclosure Counsel, and for the Underwriter by Hawkins Delafield & Wood LLP, Underwriter's Counsel.

The compensation of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the issuance and delivery of the Series 2016 Bonds.

ABSENCE OF MATERIAL LITIGATION

At the time of delivery of the Series 2016 Bonds, Counsel to the Authority and the City Attorney will deliver opinions to the Underwriter that there is no controversy or litigation now pending against the Authority or the City or, to the knowledge of their offices, threatened, restraining or enjoining the sale, execution or delivery of the Series 2016 Bonds or the Trust Agreement, or in any way contesting or affecting the validity of the Series 2016 Bonds or the Trust Agreement.

The Authority

There is no litigation pending with service of process having been accomplished or, to the knowledge of the City Attorney, as Counsel to the Authority, threatened, questioning the political existence of the Authority or concerning the validity of Series 2016 Bonds, Trust Agreement, the Facility Lease or the Site Lease, and the City Attorney, as Counsel to the Authority, will issue an opinion to that effect.

The City

There is no litigation pending with service of process having been accomplished or, to the knowledge of the City, threatened, questioning the existence of the City or the title of the offices of the City to their respective offices or contesting the ability of the City to execute and deliver the Series 2016 Bonds, Trust Agreement, the Facility Lease or the Site Lease or the ability of the City to appropriate or make Base Rental payments.

Various legal actions are pending against the City. Based upon information currently available, the City Attorney believes that there are substantial defenses to such litigation and disputes that, in any event, any ultimate liability in excess of applicable insurance coverage resulting therefrom will not have a material adverse effect on financial position of the City or impair its ability to make the Base rental payments under the Facilities Lease.

FINANCIAL ADVISOR

The Authority has retained Public Resources Advisory Group, Oakland, California, as Financial Advisor (the "Financial Advisor") in connection with the issuance of the Series 2016 Bonds and certain other financial matters. The Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

SWAP ADVISOR

The Authority has retained The Majors Group, Norristown Pennsylvania, as Swap Advisor (the "Swap Advisor") in connection with the negotiation of the financial arrangements described under "PLAN OF FINANCE" and certain other financial matters in connection with the issuance of the Series 2015 Bonds. The Swap Advisor is not obligated to undertake, and has not undertaken to make an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Swap Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

RATING

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") has assigned a rating to the Series 2016 Bonds of "BBB." Such rating reflects only the view of Standard & Poor's, and an explanation of the significance of such rating may be obtained only from Standard & Poor's. The Authority and the City furnished to Standard & Poor's certain information and materials. Any explanation of the significance of such rating may be obtained from Standard & Poor's,

55 Water Street, New York, New York. Generally, rating agencies base their ratings on such information and materials so furnished and on investigations, studies and assumptions made by them. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Standard & Poor's, if in its judgment, circumstances so warrant. The Authority and the City undertake no responsibility either to notify the Owners of the Series 2016 Bonds of any revision or withdrawal of the rating (other than as set forth in the Continuing Disclosure Agreement) or to oppose any such revision or withdrawal. Any such downward revisions or withdrawal of such rating may have an adverse effect on the market price of the Series 2016 Bonds.

FINANCIAL STATEMENTS

Maze & Associates Accounting Corporation, Certified Public Accountants (the "Auditor"), audited the financial statements of the City for the Fiscal Year ended June 30, 2015. The examination by the Auditor was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. Potential investors are advised to read the Auditor's report and the financial statements in their entirety for important information regarding the City's finances. See APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015." The Auditor was not engaged to perform and has not performed, since the date of its report included in APPENDIX B, any procedures on the financial statements and has not performed any procedures relating to this Official Statement.

CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the Series 2016 Bonds or to any decision to purchase, hold or sell the Series 2016 Bonds and the Authority will not provide any such information.

The City has undertaken all responsibilities of the Authority for any continuing disclosure to Holders of the Series 2016 Bonds as described below, and the Authority shall have no liability to the Holders of the Series 2016 Bonds of the Series 2016 Bonds or any other person with respect to S.E.C. Rule 15c2-12. The City has covenanted for the benefit of the Owners to provide certain financial information and operating data relating to the Series 2016 Bonds by not later than 270 days following the end of the City's Fiscal Year (which currently would be June 30) commencing with the report for the 2015-16 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report and notices of material events will be filed by means of the Electronic Municipal Market Access (EMMA) site maintained by the MSRB. The specific nature of the information to be contained in the Annual Report or the notices of material events is contained within APPENDIX D–"FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

UNDERWRITING

RBC Capital Markets, LLC (the "Underwriter") has agreed, subject to certain conditions set forth in the Bond Purchase Contract dated January 27, 2016 (the "Purchase Contract"), among the Authority, the City and the Underwriter, to purchase all of the Series 2016 Bonds, subject to certain conditions set forth in the Purchase Contract. The Underwriter will purchase all of the Series 2016 Bonds, if any are purchased.

The Underwriter purchased the Series 2016 Bonds, at a price equal to $29,552,226.25 (representing the principal amount of the Series 2016 Bonds, plus a net premium in the amount of $1,393,618.60 and less an Underwriter's discount in the amount of $231,392.35). The obligation of the Underwriter to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing Series 2016 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority or City. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority or City.

Royal Bank of Canada, the parent company of RBC Capital Markets, LLC, will enter into the amended interest rate swap agreements with the City relating to certain City bond obligations contemporaneously with the issuance of the Series 2016 Bonds and will be paid a swap termination payment from the proceeds of the Series 2016 Bonds. See "PLAN OF FINANCE."

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MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Authority, the City and the Underwriter of the Series 2016 Bonds. Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

Any references or summaries or explanations of the Trust Agreement, the Facilities Lease, the Site Lease, the Series 2016 Bonds, and other documents and statutes contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

This Official Statement is submitted only in connection with the sale of the Series 2016 Bonds by the Authority. All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the Authority, the City or the Underwriter. The information contained herein should not be construed as representing all conditions affecting the Authority, the City or the Series 2016 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

RICHMOND JOINT POWERS FINANCING AUTHORITY



By: /s/ Belinda Warner
Treasurer

CITY OF RICHMOND



By: /s/ William A. Lindsay
City Manager

APPENDIX A

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

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APPENDIX A

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

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

FINANCIAL OPERATIONS

Financial Statements

The City prepares its audited financial statements and supporting schedules in compliance with Article IV, Section 1(b)3 of the City Charter, and the 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").

The City financial statements are included in the City's Comprehensive Annual Financial Report (a "CAFR"). The CAFR for Fiscal Year 2014-15 is included as Appendix B to this Official Statement. Readers of this Official Statement should review the Fiscal Year 2014-15 CAFR, and in particular the Independent Auditor's Report, and Management's Discussion and Analysis included therein. The CAFRs for Fiscal Year 2009-10 through 2014-15, including the notes to the financial statements, are available on the City's website at: www.ci.richmond.ca.us/2969/comprehensive-annual-financial-reports.com.

Fiscal Year 2012-13 Balance Sheet. The unrestricted General Fund cash for Fiscal Year 2012-13 was approximately $9.8 million as of June 30, 2013, an increase of approximately $1.9 million from the prior year. The City maintained a $10.0 million contingency fund in its unassigned fund balance and reserved the entire amount of its advances to other funds and loans ($26.4 million) in the nonspendable fund balance. The General Fund ending fund balance for Fiscal Year 2012-13 was approximately $0.5 million lower than in the prior Fiscal Year.

Fiscal Year 2013-14 Balance Sheet. The unrestricted General Fund cash for Fiscal Year 2013-14 was approximately $3.7 million as of June 30, 2014, a decrease of approximately $6.1 million from the prior Fiscal Year. The unassigned fund balance was approximately $7.9 million, approximately $2.2 million lower than in the prior Fiscal Year. The City reserved the entire amount of its advances to other funds and loans ($19.5 million) in the nonspendable fund balance. The General Fund ending fund balance for Fiscal Year 2013-14 was approximately $9.3 million lower than in the prior Fiscal Year.

Fiscal Year 2014-15 Balance Sheet. The unrestricted General Fund cash for Fiscal Year 2014-15 was approximately $7.2 million as of June 30, 2015, an increase of approximately $3.6 million from the prior Fiscal Year. The unassigned fund balance was approximately $9.9 million, approximately $1.9 million higher than in the prior Fiscal Year. The City reserved the entire amount of its advances to other funds and loans ($18.7 million) in the nonspendable fund balance. The General Fund ending fund balance for Fiscal Year 2014-15 was approximately $1.1 million higher than in the prior Fiscal Year.

Table A-1 presents the City's Audited General Fund Balance Sheets, including assets, liabilities, and fund equity for Fiscal Years 2010-11 through Fiscal Year 2014-15.

Table A-1
City of Richmond
General Fund Balance Sheet
Audited Fiscal Years 2010-11 through 2014-15

	2010-11†	2011-12	2012-13	2013-14	2014-15
ASSETS					
Cash and investments	$7,363,627	$7,883,475	$9,779,408	$3,661,567	$7,283,648
Restricted cash and investments	10,875,654	10,296,160	6,435	12,130,398	2,534
Receivables:					
Accounts, net	13,166,093	10,391,192	7,294,946	9,777,031	9,699,762
Interest	2,589	2,833	2,036	4,218	69
Grants	591,727	568,677	263,663	777,830	738,733
Loans	3,463,685	1,009,746	7,548,355	3,311,613	3,168,247
Due from other funds	–	–	316,751	1,926,989	–
Advances to other funds	24,918,389	25,664,138	18,782,401	16,157,560	15,460,486
Prepaids, supplies and other assets	416,548	672,613	667,803	576,465	585,167
TOTAL ASSETS	60,798,312	56,488,834	44,661,798	48,323,671	36,938,646
LIABILITIES					
Accounts payable and accrued liabilities	2,475,735	5,838,047	3,194,046	3,346,783	2,732,725
Refundable deposits	119,625	123,217	118,532	117,875	87,291
Due to other funds	–	–	–	4,424	–
Advances from other funds	93,685	–	–	–	–
Deferred revenue	6,563,297	5,367,067	–	–	–
Unearned revenue	–	–	3,892,153	4,178,807	4,252,201
Note payable	11,066,397	7,802,150	–	12,100,000	–
TOTAL LIABILITIES	20,318,739	19,130,481	7,204,731	19,747,889	7,072,217
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	–	–	631,730	1,033,954	1,184,693
FUND BALANCES					
Nonspendable	28,021,103	25,944,325	26,366,829	19,505,987	18,708,682
Assigned/Restricted	380,999	377,181	219,646	56,786	23,934
Unassigned	12,077,471	11,036,847	10,238,862	7,979,055	9,949,120
TOTAL FUND BALANCES	$40,479,573	$37,358,353	$36,825,337	$27,541,828	$28,681,736
TOTAL LIABILITIES AND FUND BALANCES	$60,798,312	$56,488,834	$44,661,798	$48,323,671	$36,938,646

† Effective July 1, 2010, the City implemented the provisions of GASB 54, which among other things, replaced the "reserved" and "unreserved" components of fund balance with the following classifications: "nonspendable," "restricted," "committed," "assigned" and "unassigned."

Sources: Comprehensive Annual Financial Reports and City of Richmond, Finance Department.

Table A-2 presents the City's Audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2010-11 through Fiscal Year 2014-15.

Table A-2
City of Richmond
Summary of General Fund Revenues, Expenditures, and Change in Fund Balance
Fiscal Years 2010-11 through 2014-15

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues:					
Property taxes	$26,277,405	$28,359,544	$32,489,548	$28,950,340	$30,904,650
Sales taxes	23,025,923	27,788,339	29,865,548	29,627,711	33,131,486
Utility user taxes and Settlements	50,007,806	50,984,315	48,398,349	48,033,706	48,299,958
Other taxes	7,824,181	6,550,828	6,247,352	7,053,691	9,918,447
Licenses, permits and fees	2,444,727	2,403,193	2,463,771	2,471,455	2,439,359
Fines, forfeitures and penalties	310,231	338,104	328,917	296,757	482,567
Use of money and property	393,690	261,645	199,190	44,408	77,228
Intergovernmental	2,924,230	5,262,708	2,191,751	1,924,544	4,097,963
Charges for services	3,284,727	2,854,110	2,834,425	4,314,503	9,141,441
Other	2,232,255	3,052,974	1,398,043	1,018,222	768,619
Rent	940,861	779,944	681,141	708,626	809,113
Total Revenues	119,666,036	128,635,704	127,098,035	124,443,963	140,070,831
Expenditures:					
Current:					
General government	8,736,207	21,085,750	20,055,388	16,534,537	21,241,969
Public safety	89,330,988	82,348,541	76,959,857	85,843,324	83,960,461
Public works	11,315,452	17,668,512	18,544,209	19,413,504	18,686,952
Cultural and recreational	13,158,917	9,538,380	9,626,590	10,052,848	9,658,457
Capital outlay	5,605	2,745,727	141,047	343,303	256,353
Debt service:					
Principal	510,351	935,183	1,311,615	1,228,729	1,320,695
Interest and fiscal charges	392,367	524,776	450,954	484,672	610,575
Total Expenditures	123,449,887	134,846,869	127,089,660	133,900,917	135,735,462
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,783,851)	(6,211,165)	8,375	(9,456,954)	4,335,369
Other Financing Sources (Uses):					
Issuance of Debt	–	2,711,743	–	–	–
Bond premium	150,490	109,701	106,740	–	82,880
Proceeds of sale of property	–	188,489	53,618	174,874	268,927
Transfers in	14,755,285	14,817,962	9,028,336	8,193,609	4,106,974
Transfers out	(9,848,764)	(14,737,950)	(10,475,204)	(8,195,038)	(7,654,242)
Total Other Financing Sources (Uses)	5,057,011	3,089,945	(1,286,510)	173,445	(3,195,461)
Net Change in Fund Balances Before Special Item	1,273,160	(3,121,220)	(1,278,135)	(9,283,509)	1,139,908
Special Item	–		745,119	–	–
Net Change in Fund Balances	$1,273,160	($3,121,220)	(533,016)	($9,283,509)	1,139,908
Fund Balances:					
Beginning of year	$39,206,413	$40,479,573	$37,358,353	$36,825,337	$27,541,828
End of year	$40,479,573	$37,358,353	$36,825,337	$27,541,828	$28,681,736

† As restated.

Sources: Comprehensive Annual Financial Reports and City of Richmond, Finance Department.

City Budget Process

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

The City Council strives to adopt a budget prior to June 30 to be effective July 1 for the ensuing fiscal year. Budgeted expenditures are adopted through the passage of a resolution. This resolution constitutes the maximum authorized expenditures for the fiscal year, which amount cannot legally be exceeded except by subsequent amendment of the budget adopted by the City Council.

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

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

Any amendment or transfer of appropriations between object group levels within the same department must be authorized by the Finance Director or his/her designee. Any amendment to the total level of appropriations for a fund or transfers between funds must be approved by the City Council. Supplemental appropriations financed with unanticipated revenues during the year must be approved by the City Council. The City's audited budget results for Fiscal Years 2013-14 and Fiscal Year 2014-15, and the current budget for Fiscal Year 2015-16 are discussed below.

Fiscal Year 2013-14. The City adopted its Biennial Operating Budget, Fiscal Year 2013-14 to Fiscal Year 2014-15 on June 25, 2013 (the "Adopted Biennial 2013-15 Budget"), that projected an estimated $0.41 million deficit. The Adopted Biennial 2013-15 Budget was revised on November 5, 2013 and on March 25, 2014 (the "Revised Adopted Budget for Fiscal Year 2013-14") as a result of an unexpected $4.37 million reduction in property tax receipts due to the impacts of a fire at the Chevron refinery in August 2012 and the elimination of a double-counted parcel owned by Chevron from the Assessor's roll, neither of which were not known at the time of adoption of the Adopted Biennial 2013-15 Budget. In addition, receipts from sales taxes and utility user's taxes were running lower than projected by about $3.8 million during the year. The City used $6.5 million of the proceeds of the sale of the Westridge Apartments from the General Fund balance sheet along with adjustments to operating transfers out and other operating expenditures to offset the net impact of lower property tax, sales tax and utility user's tax receipts.

The City's audited results for Fiscal Year 2013-14 show a $9.2 million General Fund deficit.

Fiscal Year 2014-15

Adopted Operating Budget. The City adopted its revised Fiscal Year 2014-15 Operating Budget on July 1, 2014 (the "Adopted Operating Budget for Fiscal Year 2014-15") with several contingencies. At the time of budget adoption, there was a budget deficit of approximately $7.3 million, with the City having reduced an even larger deficit by budgeting approximately $1.8 million of salary and benefit savings contingent on achieving successful negotiations with bargaining units.

In addition, the City was in the process of executing a swaption with the Royal Bank of Canada in connection with the City's 2009 lease revenue bonds that was completed in early July and resulted in $9.3 million of proceeds. These proceeds were deposited with the Richmond Joint Powers Financing Authority (RJPFA) and would be used to pay about $6.0 million of debt service on the Series 2009 Bonds in Fiscal Year 2014-15. The City expected to use the remaining $3.3 million of proceeds to pay debt service on the Series 2009 Bonds in Fiscal Year 2015-16. Due to the debt service payments being made by the RJPFA instead of by the General Fund, the City reduced certain General Fund expenditures and transfers out by $6.0 million in Fiscal Year 2014-15.

The City anticipated approximately $136.35 million in net revenues and transfers in and approximately $136.63 million of expenditures and transfers out, resulting in an overall budget deficit of approximately $0.3 million in Fiscal Year 2014-15.

Mid-Year Adjustments. A mid-year budget review is conducted by the City to determine if adjustments to revenue projections and planned expenditures are required based upon a comparison of actual results against budgeted expectations. On March 3, 2015, the City Council received the Fiscal Year 2014-15 Mid-Year Budget Review that estimated that General Fund revenues were projected to increase by approximately $4.2 million (3.1%) compared to Fiscal Year 2013-14, primarily as a result of higher property tax revenues of approximately $3.4 million (11.4%) and higher sales and use tax revenues of approximately $3.9 million (13.4% of which approximately 50% is attributable to the Measure U sales tax that went into effect on April 1, 2015) into the General Fund. General Fund expenditures were projected to be slightly higher by $77,250 compared to Fiscal Year 2013-14 due primarily to $2.2 million in increased salaries and benefits being off-set by approximately $4.4 million in revenues received as an upfront payment from for the sale of a cash-settled option to a swap agreement associated with the Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center Project), Series 2009 (the "2009 JPFA Bonds") which were refunded. See also "–Financial Policies and Practices–*Financial Policies*–Swap Policy."

Audited Financial Results. The City's General Fund ended Fiscal Year 2014-15 with a surplus of approximately $1.0 million primarily due to $2.8 million of additional revenue in other taxes and $3.4 million savings in the benefits and professional services. The City received an additional $1 million in documentary transfer tax and $543,000 in gas franchise fees from Pacific Gas and Electric Company. On the expenditure side, benefits savings of $1.9 million were realized due to sworn staff contributing to their California Public Employees' Retirement System ("CalPERS") benefits. The audited financial statements for Fiscal Year 2014-15 are attached as Appendix B.

Fiscal Year 2015-16. The City adopted an operating budget for Fiscal Year 2015-16 on June 30, 2015 (the "Adopted Operating Budget for Fiscal Year 2015-16"). General Fund revenue and transfers total approximately $144.4 million and expenditures and transfers out total approximately $144.4 million. Total budgeted revenue for Fiscal Year 2015-16 is approximately $4.0 million more than the estimated actual revenue in Fiscal Year 2014-15 primarily due to projected increases in property and sales taxes. Total budgeted expenditures for Fiscal Year 2015-16 are approximately $5.0 million more than estimated actual expenditures in Fiscal Year 2014-15 primarily due to salary increases negotiated with bargaining units for represented employees, increased costs for health insurance and CalPERS benefits, and the full payment of debt service for the 2009 JPFA Bonds.

Mid Year Adjustments. The City expects to update its revenue projections and planned expenditures in February 2016. Results through November 2015 are generally trending on track with the budget. Expenditures are tracking within budget and slightly below the 25% threshold for the first quarter of Fiscal Year 2015-16. Revenues are also within budget, with positive budget variances in Utility User's Tax and real estate transfer tax. The City also expects to make the necessary budget adjustments at the mid-year budget review to accommodate debt service on the Series 2016 Bonds.

Table A-3 presents the City's Revised Adopted Operating Budget, the Mid-Year Budget Review, the audited actuals for Fiscal Year 2014-15 and the Adopted Operating Budget for Fiscal Year 2015-16.

Table A-3
City of Richmond
Summary of Budgeted General Fund Revenues and Expenditures
For Fiscal Years 2014-15 and 2015-16

	Revised Adopted Operating Budget 2014-15[(1)]	Mid-Year Budget Review 2014-15	Audited Actuals 2014-15	Adopted Operating Budget 2015-16
Revenue:				
Property Taxes[(2)]	$31,226,979	$32,390,735	$30,904,650	$33,572,926
Sales & Use Tax[(3)]	33,019,287	33,565,958	33,131,486	42,321,811
Utility Users Tax and Settlements	50,358,779	48,807,979	48,299,958	43,883,499
Franchise Taxes, Licenses, Fees, Fines/Penalties	14,366,511	11,406,576	12,840,373	14,561,153
Charges for Services	3,189,506	5,968,884	9,141,441	3,567,509
All Other Revenues[(4)]	2,945,235	4,254,711	6,104,730	3,554,862
Total Revenue	135,106,297	136,394,843	140,422,638	141,461,760
Operating Transfers In	3,162,471	3,162,471	4,106,974	2,924,831
Total Funds Available	138,268,768	139,557,314	144,529,612	144,386,591
Expenditures:				
Salaries and Benefits	105,130,449	106,453,648	104,265,971	108,324,760
Other Operating Expenditures[(5)]	25,228,597	24,934,399	29,538,221	27,167,981
Total Expenditures	130,359,046	131,388,047	133,804,192	135,492,741
Operating Transfers Out and Debt Service	8,363,119	9,256,640	9,585,512	8,893,753
Total Funds Required	$138,722,165	$140,644,687	$143,389,704	$144,386,494
Net Change in Fund Balance[(6)]	($453,397)	($1,087,373)	$1,139,908	$97

(1) Represents budgeted revenues and expenditures for Fiscal Year 2014-15 approved on July 1, 2014 that replace those contained in the Adopted Biennial Operating Budget, Fiscal Year 2013-14 to Fiscal Year 2014-15.
(2) Amounts shown do *not* include property tax override revenues available to pay certain pension obligations of the City. See "CITY DEBT SUMMARY–General Fund and Lease Obligation Debt."
(3) For Fiscal Year 2014-15, includes the Measure U sales tax that took effect April 1, 2015.
(4) Includes the following revenue line items "Use of Money and Property," "Intergovernmental," "Other," and "Rent."
(5) Includes miscellaneous expenses, utilities, equipment, contract services, professional services, asset/capital outlay, indirect costs and grant expenditures.
(6) The net change in fund balance is projected to decrease from a surplus of $1,139,908 for Fiscal Year 2014-15 to a surplus of $97 for Fiscal Year 2015-16. While revenues are expected to increase by $1.3 million from Fiscal Year 2014-15 to 2015-16, expenditures are also projected to increase by $1.7 million. The increase in revenue is primarily attributable to the City receiving a full year of the Measure U sales tax. The increase in expenditures is primarily due to staff receiving salary increases pursuant to Memorandum of Understanding agreements with bargaining units. Also, cost pool was $3.1 million lower in Fiscal Year 2014-15 due to the refinancing of the Civic Center debt.

Source: City of Richmond.

Financial and Accounting Information

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

The City Council employs an independent certified public accountant, who, at such time or times as specified by the City Council, at least annually, and at such other times as they determine, examines the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable after the end of the fiscal year, the independent accountant submits a final audit and report to the City Council. The City's complete audited financial report for Fiscal Year 2014-15 is attached as Exhibit B and is also available on the City's website. Neither the City's independent auditors nor any other independent accountants have compiled, examined or performed any procedures with respect to the projected financial information contained in this Official Statement, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

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

In August 2015, the City was notified that the State Controller's Office, Division of Audits was reviewing the administrative and internal auditing controls of the City for Fiscal Years 2012-13 and 2013-14. Following a conference with City officials, conducting fieldwork and a review of a reconciliation document explaining variances between the annual financial transaction reports and the CAFRs for Fiscal Year 2012-13 and 2013-14, on October 1, 2015, the State Controller's Office cancelled its review.

Financial Policies and Practices

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

Cash Reserve Policy. In Fiscal Year 2004-05, the City Council adopted a policy to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses and established a $10 million General Fund contingency reserve target.

Effective January 1, 2007, the City Council adopted a cash reserve policy (the "Cash Reserve Policy") that requires that the City maintain year-end contingency reserve balances in the General Fund, including CalPERS savings reserves but excluding departmental carryover, equal to a minimum of 7% of the next Fiscal Year's budgeted General Fund expenditures. City Council approval is required before any withdrawals are made from the cash reserve and the City Council has discretion to use the cash reserve *only* for emergencies and not for on-going expenses. The Cash Reserve Policy permits the cash reserve to be temporarily reduced in times of an emergency with approval by the City Council, but requires that the cash reserve be restored in accordance with a stabilization policy laying out

the plans for restoration of the reserve, in order to allow the City to build up its capacity to handle future short-term economic downturns or emergencies without cutting services. As the City experiences net revenue gains in future years, the cash balance is required to grow back to 15% of total expenditures, following the stabilization policy. The City plans to reach the 15% target reserve level by retaining investment earnings, calculated on the principal balance of the reserve each Fiscal Year, in the reserve account until the target is reached, when funding is available. The contingency reserve is shown as a component of unassigned fund balance within the General Fund.

For Fiscal Year 2014-15, the cash reserve was $9.9 million (equal to approximately 6.9% of budgeted Fiscal Year 2015-16 General Fund expenditures) and the Fiscal Year 2015-16 is budgeted at approximately $11.9 million (equal to approximately 8.3% of budgeted Fiscal Years 2015-16 General Fund Expenditures). One-time funds in the aggregate amount of $2.875 million received in December 2015, representing a $700,000 Housing Authority Rental Assistance Demonstration conversion developer fee and a $2.175 million distribution of excess reserves established for a solid waste joint venture with other cities, are expected to be applied to General Fund cash reserves in accordance with the Cash Reserve Policy for use of one-time revenue sources.

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

The City is in compliance with the Debt Policy.

Grant Management Policy. In May 2013, the City Council adopted a policy to establish an overall framework for the use and management of grant resources (the "Grant Management Policy"). This policy provides that: (i) aside from entitlement grants, the City should focus its efforts on securing grants for capital improvements; (ii) the City should only seek grants when sufficient staff resources are available to effectively administer the program in compliance with grant requirements and successfully perform the grant work scope and provide necessary matching requirements (both cash and in-kind matches); (iii) indirect costs of administering grant programs be recovered to the maximum extent feasible; (iv) operating departments will have the primary responsibility for seeking out grant opportunities, preparing the applications and managing grant thee programs after award; and (v) operating departments develop a simple system for tracking grant funding availability in their functional areas.

The City is in compliance with the Grant Management Policy.

Swap Policy. The City is authorized under California Government Code Section 5922 to enter into interest rate swaps to reduce the amount and duration of rate, spread, or similar risk when used in combination with the issuance of bonds. In May 2006, the City Council adopted a comprehensive interest rate swap policy (the "Swap Policy") to provide procedural direction to the City, the Richmond Housing Authority, the former Richmond Community Redevelopment Agency and the Richmond Joint

Powers Finance Authority (the "Authority") regarding the utilization, execution, and management of interest rate swaps and related instruments (collectively, "interest rate swaps"). Periodically, but at least annually, the City reviews the Swap Policy and makes modifications as appropriate due to changes in the business environment or market conditions. The current Swap Policy was adopted on October 10, 2010 and most recently reviewed by the Finance Committee of the City Council on May 3, 2013. An updated Swap Policy incorporating revisions required by the Dodd-Frank Act was reviewed by the Finance Committee during the first quarter of 2015. A summary of the City's swap agreements as of January 27, 2016 is set forth in Table A-25A and Table A-25B.

Financial Practices

Five-Year Financial Plan. In July 2012, the City Council adopted a Five-Year Financial Plan (the "Financial Plan") for Fiscal Years 2012-13 through 2016-17 to serve as a planning tool for the long term sustainability of the City and its employees. The five-year financial planning is designed to complement other planning processes that the City uses such as strategic planning, capital improvement planning, and budgeting. The Financial Plan includes an analysis of projected revenues, expenditures, reserve, capital projects and debt policies, and a review of fiscal policies.

In October 2015, the City retained National Resources Network to prepare a multi-year Budget Update for Fiscal Years 2016-21 (the "Budget Update"). The Budget Update was presented to the City Council during a study session on December 15, 2015 and was posted to EMMA on December 18, 2015. The Budget Update notes several significant challenges the City will likely face in Fiscal Year 2016-17, including, maintaining and repairing infrastructure, increasing retirement and healthcare costs, building and maintaining General Fund Reserve; and identifies several revenue and expenditure options to address those challenges. The City expects to use the Budget Update to assist in preparing a balanced budget for Fiscal Year 2016-17, which will involve an in-depth budgeting process over the coming six-months.

Structural Balance Guideline. In connection with its budget preparations for Fiscal Year 2004-05, the City Council adopted a guideline to maintain structurally balanced budgets whereby one-time funds can be spent only on one-time uses and ongoing funds can be spent on ongoing (or one-time) uses. In addition, budget enhancements can be approved only if a new source of permanent revenues is received that will cover the future cost of such enhancements.

In the last five Fiscal Years, the City has been in compliance with the Structural Balance Guideline only in Fiscal Year 2010-11.

Dissolution of the Richmond Community Redevelopment Agency

No revenues of the Richmond Community Redevelopment Agency (the "Former Agency") have ever been pledged as a payment source for the indebtedness in the past and such revenues are not pledged to the payment of the Note. In addition, there are no loans between the Former Agency and the City. No General Fund expenses have ever been paid from Former Agency revenues.

Prior to 2012, local governments in California were permitted, under certain circumstances, to form redevelopment agencies, which had the power to, among other things, establish "project areas" in areas deemed blighted, from which the redevelopment agency was entitled to the incremental *ad valorem* property tax receipts resulting from increases in assessed valuation from the year of establishment. Redevelopment agencies could incur indebtedness payable from this "tax increment" including bonds and other obligations related to its redevelopment purposes, subject to certain restrictions. The City's

redevelopment agency was known as the Richmond Community Redevelopment Agency (the "Former Agency") and operated several project areas and incurred indebtedness, including publicly-issued bonds.

Pursuant to State legislation enacted in 2011 referred to generally as the "Dissolution Act," and upheld by California Supreme Court decision, redevelopment agencies were formally dissolved effective February 1, 2012. The general financial impact of redevelopment agency dissolution was to restore the flow of the tax increment portion of *ad valorem* property taxes to the applicable local government and all other taxing entities entitled thereto, except as necessary to pay, or otherwise undertake to completion, "enforceable obligations" of the redevelopment agency. Redevelopment agencies were no longer able to incur indebtedness, except with respect to enforceable obligations or to refund former redevelopment agency indebtedness.

The Dissolution Act permitted each applicable local government to establish a successor agency for the purpose of honoring enforceable obligations and to, if desired, to assume housing obligations of the firmer redevelopment agency. Each successor agency would assume the obligation of the former redevelopment agency. The City established itself as the successor agency to the Community Redevelopment Agency (known as the "Successor Agency to the Richmond Community Redevelopment Agency") and, as required by the Dissolution Act, appointed an oversight board to oversee these activities. While the City, as successor agency to the Former Agency, continues certain activities in former project areas, including housing obligations, it receives no significant tax increment other than that pledged to pay outstanding bonds of the Former Agency and with respect to certain housing obligations.

The City does not expect its administrative costs of serving as successor agency to the Former Agency to be significant and does not believe that any commitments of the Former Agency to community development projects or otherwise to have a negative impact of the City's finances.

The Successor Agency does not issue separate financial statements. Although a separate legal entity from the City, the financial results for the Successor Agency are reported as fiduciary funds in the CAFR of the City.

State Budget

Approximately 48% of the City's budgeted General Fund revenues for Fiscal Year 2014-15 consisted of payments collected by the State and passed-through to local governments or collected by the County and allocated to local governments by State law. For Fiscal Year 2015-16, approximately 52% of the City's budgeted General Fund revenues are expected to come from this source. See also "–Major General Fund Revenue Sources–*VLF Revenue from the State*." The financial condition of the State has an impact on the level of these revenues. In past years the State has reduced revenues to cities and counties to help solve the State's budget problems.

The level of intergovernmental revenues that the City will receive from the State in Fiscal Year 2015-16 and in subsequent Fiscal Years will be affected by the financial condition of the State.

The following information concerning the Fiscal Year 2015-16 State Budget Act has been obtained from publicly available information on the State Department of Finance, the State Treasurer and the California Legislative Analyst Office websites. The estimates and projections provided below are based upon various assumptions, which may be affected by numerous factors, including future economic conditions in the State and the nation, and there can be no assurance that the estimates will be achieved. For further information and discussion of factors underlying the State's projections, see the aforementioned websites. The City believes such information to be reliable, however, the City takes no

responsibility as to the accuracy or completeness thereof and has not independently verified such information.

Information about the Fiscal Year 2015-16 State Budget Act, the Fiscal Year 2016-17 Governor's Proposed Budget and State spending is regularly available at various State-maintained websites. Text of the budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov. Information on these websites has not been reviewed or verified by any of the City, the Underwriter or the Municipal Advisor and is not incorporated by reference in this Official Statement. The City takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there.

Fiscal Year 2015-16 State Budget. On June 24, 2015, the Governor approved the budget for 2015-16 (the "Fiscal Year 2015-16 State Budget Act"), which projects Fiscal Year 2014-15 State General Fund revenue of $116.9 billion (inclusive $5.6 billion in fund balance from Fiscal Year 2013-14), total expenditures of $114.5 billion and a year-end surplus of $2.4 billion, of which $971 million would be reserved for the liquidation of encumbrances and $1.4 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2015-16 State Budget Act projects Fiscal Year 2015-16 State General Fund revenues and transfers of $115.0 billion (inclusive $2.4 billion in fund balance from Fiscal Year 2014-15), total expenditures of $115.4 billion and a year-end surplus of $2.1 billion, of which $971 million would be reserved for the liquidation of encumbrances and $1.1 billion would be deposited in a reserve for economic uncertainties. The Fiscal Year 2015-16 State Budget Act is balanced, pays down debt, and funds the Rainy Day Fund as the first year of Proposition 2 is implemented. In addition, spending for education, health case, In-Home Supportive Service, workforce deployment, drought assistance and the judiciary is increased. The Fiscal Year 2015-16 State Budget Act also establishes the State's first Earned Income Tax Credit to assist the poorest working families and amnesty program to assist may State residents in paying past due court-ordered debt and regain their drivers' licenses.

Features of the Fiscal Year 2015-16 State Budget Act affecting local governments in general include, but are not limited to, the following: (i) augmenting the $1.9 billion appropriated for drought response since 2014 with an additional $1.8 billion of one-time resources, including funding for county and other local projects; (ii) repayment to local governments of the final mandate reimbursements for activities completed in 2004 or earlier (totaling $765 million); (iii) assumption of additional Medi-Cal caseloads of 3.7 million individuals and costs of $16.9 billion related to the implementation of the Affordable Care Act, will be paid from State and federal moneys, including $40 million in State General Fund moneys to expand the scope of Medi-Cal coverage to qualified low-income immigrants effective May 2016; and (iv) $270 million in State General Fund moneys to pay for In-Home Supportive Services overtime (assuming an overtime provision is upheld by the court by October 1, 2015) and a one-time State General Fund augmentation of $226 million in Fiscal Year 2015-16 to restore service hours.

The complete Fiscal Year 2015-16 State Budget Act is available from the California Department of Finance website at www.dof.ca.gov. The City takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

The City cannot predict the impact that the Fiscal Year 2015-16 State Budget Act, or subsequent budgets, will have on its finances and operations or the accuracy of any projections made in the Fiscal Year 2015-16 State Budget Act. Current and future State budgets will be affected by national, State and global economic conditions, and other factors, over which the City has no control.

Fiscal Year 2016-17 Governor's Proposed Budget. The Fiscal Year 2016-17 proposed Governor's budget (the "2017 Governor's Proposed Budget"), released on January 7, 2016, proposes a $122.6 billion State General Fund budget that makes significant increases in funding for education, climate change, healthcare and State infrastructure, while bolstering the State's Rainy Day Fund and paying down State debts and liabilities.

The complete 2017 Governor's Proposed Budget is available from the California Department of Finance website at www.dof.ca.gov. The City takes no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

The 2017 Governor's Proposed Budget is subject to revision and the City cannot predict the impact the adopted Fiscal Year 2016-17 State budget will have on its finances and operations or the accuracy of any projections made in the 2017 Governor's Proposed Budget.

Major General Fund Revenue Sources

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

Utility Users Tax. The City collects a tax (the "Utility Users Tax") from utility users within the City's boundaries. Such users are charged 10% of the total bill for electricity and gas services, and 9.5% of the total bill for phone and cable television services. The tax is not applicable to State, County, or City agencies, insurance companies or banks. The Utility Users Tax has been the largest revenue source for the City for many years. In Fiscal Year 2013-14, the City collected approximately $35.0 million in Utility Users Tax, which represented approximately 28.6% of total General Fund revenues (excluding transfers in and includes $13 million paid by Chevron pursuant to the Measure T Tax Settlement Agreement). See also "*–Business License Act Tax ("Measure T")*." In Fiscal Year 2014-15, Utility Users Taxes were collected by the City in the amount of $48.3 million, and accounted for approximately 34.5% of total General Fund revenues (excluding transfers in).

The Adopted Fiscal Year 2015-16 Budget estimates that the City will collect approximately $43.8 million in Utility Users Tax, which represents approximately 30.4% of General Fund revenues (excluding transfers in) and includes $7 million paid by Chevron pursuant to Measure T Tax Settlement Agreement.

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

The Richmond Municipal Code Section 13.52.100 provides that any electric service user may annually elect to pay a maximum Utility Users Tax that is calculated as the base amount of $1,148,137.54 for each percent of tax imposed for any tax year, which base amount is then adjusted annually by that percentage which is 90% of the total percentage of change in the United States Department of Labor, Bureau of Labor Statistics' Gas (piped) and Electric Consumer Price Index For All Consumers Urban for the San Francisco/Oakland/San Jose Area calculated on the basis of the two consecutive and most recently completed years for which data is available from the United States Department of Labor. In order to elect to pay the maximum Utility User Tax (the "Maximum UUT"), a user of the electric service

must enter into an agreement with the City Tax Administrator prior to the commencement of the tax year to pay the maximum tax liability directly to the City during the tax year. No portion of the maximum Utility Users Tax is refundable in the event the service user subsequently determines that its tax liability under this chapter would have been less than the maximum Utility Users Tax calculated as described above. In February 2009, the City and Chevron reached an agreement (the "UUT Settlement Agreement") pursuant to which Chevron agreed to (i) pay the Maximum UUT for Fiscal Years 2008-09 through 2011-12; and (ii) beginning in Fiscal Year 2012-13, make annual elections to pay on either the basis of Maximum UUT or actual cost. Chevron elected to pay on the basis of the Maximum UUT for Fiscal Year 2012-13; (iii) pay to the City $28 million ($13 million of which was paid in Fiscal Year 2008-09 and the remaining $15 million paid in three annual installments of $5 million through Fiscal Year 2011-12); and (iv) refrain from submitting an initiative to amend the Utility User Tax.

A fire in the Chevron USA Inc. ("Chevron") crude oil distillation unit located in the City and the temporary shutdown of such unit on August 6, 2012 did not have a material near-term adverse impact on Utility User Tax revenues since Chevron elected to pay the Utility Users Tax based upon the maximum tax payable provision set forth in Richmond Municipal Code Section 13.52.100 discussed above. Chevron could have elected to pay the Utility User Tax based on actual usage in Fiscal Year 2013-14, but would only do so if such cost does not exceed the maximum tax payable by the Municipal Code. Chevron has completed the required repairs to the crude oil distillation unit. For a description of the refinery fire, see "*–County Property Tax Collection Process and Assessed Valuation–*Fiscal Year 2013-14."

The City also receives scheduled settlement fund payments from Chevron in connection with Measure T litigation. Chevron remains obligated to make payments to the City in the amount of $13 million for Fiscal Year 2014-15, in the annual amount of $7 million for Fiscal Years 2015-16 through 2018-19 and in the annual amount of $4 million for Fiscal Years 2019-20 through 2023-24 pursuant to the Measure T Settlement Agreement discussed below. See "*–Business License Act Tax ("Measure T")*."

Table A-4 shows Utility Users Tax, and UUT Settlement Agreement receipts received from Chevron; pursuant to the terms of the UUT Settlement Agreement that ended in Fiscal Year 2011-12, the Measure T Settlement receipts that are scheduled to be received as described below, and the respective aggregate percentage of General Fund revenues (excluding transfers in) from these sources from Fiscal Year 2010-11 through Fiscal Year 2014-15 and budgeted amounts for Fiscal Year 2015-16.

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Table A-4
City of Richmond
Utility Users Tax Receipts and Settlements
Fiscal Years 2010-11 through 2014-15 and Budgeted Fiscal Year 2015-16[(1)]

Fiscal Year	UUT Receipts	Chevron Settlements	Total	% Change	Percentage of General Fund Revenues[(2)]
2010-11	$35,007,806	$15,000,000	$50,007,806	24.1%	41.8%
2011-12	35,984,308	15,000,000	50,984,308	2.0	38.8
2012-13	35,398,349	13,000,000	48,398,349	(5.1)	38.1
2013-14	35,033,705	13,000,000	48,033,705	(0.8)	39.0
2014-15	35,299,957	13,000,000	48,299,957	0.6	34.6
2015-16[(1)]	36,883,499	7,000,000	43,883,499	(9.1)	30.4

(1) Budgeted.
(2) Excludes transfers in.
Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years 2010-11 through 2014-15; and the Adopted Operating Budget for Fiscal Year 2015-16.

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

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

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

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

line air quality monitoring and collection and Greenprint transportation funding in the amount of $2 million payable in three equal installments commencing July 1, 2010, in connection with the court invalidating the approval by the City of the Chevron Hydrogen Renewal Project. In the event that a force of nature substantially destroys the Chevron refinery, the Measure T Settlement Agreement will terminate. Upon the sale of the refinery, either the City or Chevron could elect to terminate the Measure T Settlement Agreement. Chevron has timely made all payments to date.

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

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

The California Community Redevelopment Law authorized redevelopment agencies to receive the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, the other local taxing authorities realized tax revenues from such properties only on the base-year valuations, which were frozen at the time a redevelopment project area was created. The tax revenues which resulted from increases in assessed valuations flowed to the redevelopment areas. The Dissolution Act and dissolved all redevelopment agencies, and designated "successor agencies" and "oversight boards" to satisfy "enforceable obligations" of those dissolved redevelopment agencies and to administer the dissolution and wind down of the dissolved redevelopment agencies. See "–Dissolution of the Richmond Community Redevelopment Agency."

All property tax revenues that would have been allocated to redevelopment agencies, including the Former Agency, are allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the "successor agency" to pay indebtedness and other "enforceable obligations" (as defined in the Dissolution Act) and certain administrative costs. Any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies.

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

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

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

Fiscal Year 2013-14. The City received a letter dated July 1, 2013 from the County Assessor to the County Board of Supervisors to the effect that the Fiscal Year 2013-14 assessment roll had been prepared. While it reflected a 3.5% ($4.87 billion) increase Countywide in assessed valuation from the prior Fiscal Year, the assessed valuation within the City decreased by approximately 14.6%, the only decrease in value experienced by a city within the County. Of the approximately $1.9 billion decrease in assessed value for Fiscal Year 2013-14, most of the decrease (approximately $1.1 billion or approximately 60%) was attributable to the removal from the roll of a parcel owned by Chevron that was assessed twice (discussed above) and the temporary reduction in assessed value of the Chevron Richmond Refinery facilities (described below) following a fire that occurred on August 6, 2012.

Chevron Crude Oil Distillation Unit Fire. On August 6, 2012, a fire in the crude oil distillation unit occurred at the Chevron USA Inc. ("Chevron") refinery located in the City. A Community Warning System, Level 3 (Shelter in Place) order was issued by the County and rescinded approximately five hours later. Five minor injuries were reported by Chevron employees, three of which were associated with the incident. Local air quality monitors indicated that levels of potentially toxic pollutants were well below their reference exposure levels and did not pose a significant health concern, however, more than 15,000 City residents sought treatment at local medical facilities for respiratory problems and eye irritation among other symptoms.

After being closed for eight months while investigations by local, State and federal authorities and repairs were completed, Chevron reopened the crude oil distillation unit in April 2013. During the closure of the damaged crude oil distillation unit the other parts of the plant remained in operation.

On August 2, 2013 the City filed a Complaint against Chevron in Superior Court (*City of Richmond v. Chevron Corp., et al.* - Case No. MSC13-01654) seeking a broad range of damages to the City, including damage to property, air quality, environmental harm and public health. A First Amended Complaint was filed by the City on December 27, 2013. The City filed a Stipulation and Order in October 2014 requesting permission to file a Second Amended Complaint to include damages associated with losses in property tax revenue. In February 2015, the Chevron motion to strike the Second Amended Compliant was denied. Chevron filed a petition for a writ of mandate in the court of appeal, which was denied on October 9, 2015. Chevron then filed a petition for review by the Supreme Court of the State of California, which petition was denied on December 9, 2015.

Fiscal Year 2014-15. The City received a letter dated July 1, 2014 from the County Assessor to the County Board of Supervisors to the effect that the Fiscal Year 2014-15 assessment roll had been prepared. It reflected a 9.1% increase Countywide in assessed valuation from the prior Fiscal Year, and an increase in the assessed valuation within the City of approximately 8.7%.

Fiscal Year 2015-16. The City received a letter dated July 1, 2015 from the County Assessor to the County Board of Supervisors to the effect that the Fiscal Year 2015-16 assessment roll had been prepared. It reflected a 7.5% increase Countywide to more than $171.3 billion, the highest assessment roll in County history, and an increase in the assessed valuation within the City of approximately 8.9%.

The table below summarizes the assessed valuation of taxable property in the City for Fiscal Years 2011-12 through 2015-16. Table A-5 reflects the assessed valuation as determined by the County Assessor as of July 1 of each Fiscal Year, which value determines the property tax revenues of the City as reported for that Fiscal Year.

Table A-5
City of Richmond, California
Assessed Valuation of Taxable Property
Fiscal Years 2011-12 through 2015-16
(As of July 1)

Fiscal Year	Local Secured[1]	Unsecured	Gross Value	Local Exemptions[2]	Net Value
2011-12	$10,419,609,337	$995,493,304	$11,415,102,641	$495,344,446	$10,919,758,195
2012-13	12,277,217,519	994,741,656	13,511,425,784	519,971,516	12,751,987,659[3]
2013-14	10,453,101,395	992,545,595	11,445,646,990	557,739,881	10,887,907,109
2014-15	11,368,361,241	1,055,849,942	12,424,211,183	587,349,722	11,836,861,461
2015-16	12,487,655,982	1,046,592,477	13,534,248,459	641,474,908	12,892,773,551

(1) Includes Utility Valuation.
(2) Includes homeowners' exemption under Article XIII, Section 25 of the State Constitution that reimbursements local governments for revenues lost through the homeowners' exemption in Article XIII, Section 3(k) of the State Constitution and other exemptions under Article XIII, Section3.
(3) In 2013, it was discovered that the certificate of assessed valuation and equalized roll prepared by the County as of July 1, 2012 erroneously included the value of a parcel twice in the assessed valuation within the City for Fiscal Year 2012-13. In addition, a settlement agreement among the City, the County and Chevron that was approved by the Appeals Board in October 2013 further reduced the Fiscal Year 2012-13 assessed valuation by $591 million. The impact of these adjustments was reflected in the Fiscal Year 2013-14 assessed valuation. See the discussion "*–County Property Tax Collection Process and Assessed Valuation*–Fiscal Year 2013-14."

Sources: Contra Costa County Assessor Tax Rolls for Fiscal Years 2011-12 through 2015-16.

Within the past several years the City, like many other California cities, has experienced property tax reductions due to declining market values of real property. Certain reassessments occurred pursuant to sales of property at reduced prices, which lowered assessed value for Proposition 13 purposes, while other reductions were requested by property owners pursuant to statewide Proposition 8. Proposition 13 limits increases in assessed value to 2% in each year. However Proposition 8 valuations are not so limited and may be increased to catch up to what they would have been without the temporary Proposition 8 reduction. Within the last five fiscal years, the percentage of increases in the City's assessed valuation due to Proposition 8 increases has dropped from 34.86% in Fiscal Year 2010-11 to 24.19% in Fiscal Year 2014-15.

Assessment Appeals. Property tax values determined by the County Assessor may be subject to an appeal by the property owners. Assessment appeals are annually filed with the County Assessment Appeals Board (the "Appeals Board") for a hearing and resolution. Hearings on appeals generally are expected to occur within two years of the filing date, although waivers and extensions are available. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant/property owner.

Property tax assessment appeals were filed by Chevron for the years 2004 through 2012 challenging the assessed value of its refinery. Chevron disagreed with the determinations by the Appeals Board and filed three separate actions in Contra Costa Superior Court.

On September 17, 2013, the County Board of Supervisors approved execution of a Settlement Agreement and Release (the "Stipulated Settlement") among Chevron, Chevron Corporation, the County, the County Assessor and the City, which became effective upon the approval of a Stipulated Settlement by the Appeals Board. The Appeals Board approved the Stipulated Settlement in November 2013. Pursuant to the Stipulated Settlement, the assessment appeals by Chevron for the years 2004 through 2012 are resolved, and Chevron agreed to dismiss the three pending court cases challenging the assessed value, withdraw or dismiss the pending appeals before the Appeals Board and forgo an approximately $8 million refund. In addition, Chevron agreed not to re-file assessment appeals for any prior Fiscal Year up to and including Fiscal Year 2013-14 and to annually meet and confer with the County regarding the value of the refinery facilities. As agreed to by Chevron and the County Assessor in the Stipulated Settlement and ordered by the Appeals Board, the Fiscal Year 2012-13 assessed value of the refinery was determined to be $3.28 billion, which replaced the enrolled value of $3.87 billion (a reduction of $591,000,000). The Stipulated Settlement does not prevent Chevron from filing future assessment appeals or litigation against the County concerning the assessed value of the refinery in future years. The City cannot predict whether additional appeals will be filed by Chevron or any other major property taxpayer in the future, or if filed whether or to what extent such appeals will be successful. Appeals are decided by the Appeals Board in the first instance and the City has no control over the actions of such officials.

Foreclosure Activity. Residential mortgage loan defaults and foreclosures between 2005 and 2009 increased significantly in connection with the collapse of the subprime sector of the residential mortgage market and broader economic pressures. In California, the greatest impacts were in regions of the Central Valley and the Inland Empire (both areas that are outside of the County), although the County was impacted as well, particularly in the eastern portions of the County where the largest number of new mortgages were originated as growth in residential development occurred.

Such foreclosure activity also affected the City, however, since calendar year 2009 when foreclosures in the City peaked at 1,484, the housing market has generally recovered. Based on information provided by MDA DataQuick Information, an independent data collection service, for calendar year 2014, mortgage holders had sent 192 notices of default with respect to properties located within the City compared to 222 during calendar year 2013 (a decline of 15.6%), and 85 trustee deeds had been recorded (indicating that the property has been lost to foreclosure) during calendar year 2014 compared to 151 during calendar year 2013 (a decline of 77.7%).

For the first half (January through June) of calendar year 2015, mortgage holders sent 218 notices of default with respect to properties located within the City compared to 262 during the first half of calendar year 2014 (a decline of 16.8%) and 35 trustee deeds had been recorded during the first half of calendar year 2015 compared to 44 during the first half of calendar year 2014 (a decline of 20.5%).

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A summary of the notices of default sent and trustee deeds recorded for the City and the County during calendar years 2010 through 2014 and the first half (January-June) of 2014 and 2015 is summarized in Table A-6.

Table A-6
City of Richmond, Contra Costa County and State of California
Summary of Foreclosure Activity
Calendar Years 2010 through 2014 and First Half (January-June) of 2014 and 2015

	Notices of Default							Trustee Deeds (Foreclosures)						
						First Half (January-June)							First Half (January-June)	
	2010	2011	2012	2013	2014	2014	2015	2010	2011	2012	2013	2014	2014	2015
CITY														
Number	1,014	815	591	222	192	262	218	679	622	354	151	85	44	35
% Change	–	(19.6%)	(27.5%)	(62.4%)	(13.5%)	–	(16.8%)	–	(8.4%)	(43.1%)	(57.3%)	(43.7%)	–	(20.5%)
COUNTY														
Number	12,564	10,721	7,535	2,972	2,245	1,154	1,007	7,276	6,736	3,881	1,490	819	466	389
% Change	–	(14.7%)	(29.7%)	(60.6%)	(24.5%)	–	(12.7%)	–	(7.4%)	(42.3%)	(61.5%)	(45.0%)	–	(16.5%)
STATE														
Number	302,953	256,118	192,335	82,287	68,495	36,564	31,103	171,234	155,563	95,860	39,333	28,359	14,958	12,599
% Change	–	(15.5%)	(24.9%)	(57.2%)	(16.76%)	–	(14.9%)	–	(9.2%)	(38.4%)	(59.0%)	(27.9%)	–	(15.8%)

Source: MDA DataQuick Information.

The level of default and foreclosure activity from 2005 through 2010 resulted in downward pressure on home prices in the affected areas. In response, the County Assessor reduced the assessed valuation on certain properties pursuant to Proposition 8, legislation that permits a temporary tax reduction when baseline market value is lower than current market value. The County Assessor reviewed approximately 30,000 properties sold from 2005 and reduced the assessed valuation on approximately 22,500 properties for Fiscal Year 2007-08. The average reduction in assessed valuation per property was $50,000, resulting in an average tax reduction of 8% per parcel and an aggregate reduction equal to $14 million, or 0.71%, of the Fiscal Year 2008-09 secured roll of the County.

For Fiscal Year 2013-14, assessed valuation Countywide increased more than $4.87 billion (3.5%), with the City experiencing the only percentage decline in assessed valuation within the County in the amount of $948 million (-8.1%) due to the temporary reduction in assessed valuation following the Chevron Richmond Refinery fire, the impact of the assessment appeals settlement with Chevron and the elimination of double-counting the assessed valuation of a Chevron-owned parcel. See *"–County Property Tax Collection Process and Assessed Valuation*–Fiscal Year 2013-14." For a description of the refinery fire, see *"–Utility Users Tax."*

For Fiscal Year 2014-15, assessed valuation Countywide increased more than $13.3 billion (9.1%), with the City experiencing an increase in assessed valuation in the amount of $948.9 million (8.7%). See *"–County Property Tax Collection Process and Assessed Valuation*–Fiscal Year 2014-15."

For Fiscal Year 2015-16, assessed valuation Countywide increased more than $12 billion (7.5%), with the City experiencing an increase in assessed valuation in the amount of $1.1 billion (8.9%) compared to the prior Fiscal Year.

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

Property tax receipts for Fiscal Year 2015-16 are budgeted at $33.6 million, representing approximately 23.3% of estimated General Fund revenues (excluding transfers in) and an 8.6% increase compared to Fiscal Year 2014-15.

Table A-7
City of Richmond
Property Tax Receipts[(1)]
Fiscal Years 2010-11 through 2014-15 and
Budgeted Fiscal Year 2015-16

	Property Tax		Percentage of General Fund
Fiscal Year	Receipts	% Change	Revenues[(2)]
2010-11	$26,277,405	(11.7%)	21.9%
2011-12	28,359,544	7.9	21.6
2012-13	32,489,548	14.6	25.5
2013-14[(3)]	28,950,340	(10.9)	23.5
2014-15[(4)]	30,904,650	6.8	22.1
2015-16[(5)]	33,572,926	8.6	23.3

(1) Excludes property tax override receipts.
(2) Excludes transfers in.
(3) Approximately 60% of the decrease in Fiscal Year 2013-14 compared to the prior Fiscal Year is attributable to the removal from the roll of a parcel owned by Chevron that was assessed twice and the temporary reduction in the assessment value of the Chevron Richmond Refinery following the August 6, 2012 fire. See "*–Utility Users Tax*."
(4) The majority of the 6.8% increase in Fiscal Year 2014-15 compared to the prior Fiscal Year is attributable to a one-time payment from the County for RCRA Successor Agency Surplus (Residual) Tax Increment.
(5) Budgeted. Property tax receipts for Fiscal Year 2015-16 are forecasted based on projected growth in assessed value equal to 8% combined with a decrease in RCRA Successor Agency surplus revenue, which was a one-time item received in Fiscal Year 2014-15. Actual growth in for Fiscal Year 2015-16 assessed value within the City was calculated by the County Assessor to be 8.9%.

Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years, 2010-11 through 2014-15; and the Adopted Operating Budget for Fiscal Year 2015-16.

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

Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes and assessments are distributed to taxing agencies within the county included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all participating taxing agencies is avoided. While a county bears the risk of loss on delinquent taxes that go unpaid, it benefits from the penalties associated with these delinquent taxes when they are paid. In turn, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of

collection risk. The constitutionality of the Teeter Plan was upheld in *Corrie v. County of Contra Costa*, 110 Cal. App. 2d 210 (1952). The County was the first Teeter Plan county in the State when the Teeter Plan was enacted by the State Legislature in 1949.

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

The City receives its entire secured tax levy amount each year under the Teeter Plan. A history of collections for the last five Fiscal Years is shown in Table A-8.

Table A-8
City of Richmond
Secured Tax Levies and Delinquencies
Fiscal Years 2010-11 through 2014-15

Fiscal Year Ended June 30	Total Current Fiscal Year Tax Levy[(1)]	Percent Current Levy Delinquent June 30[(2)]
2010-11	$29,107,690	1.72%
2011-12	31,057,647	2.72
2012-13	35,432,191	0.97
2013-14	30,723,601	0.85
2014-15	33,440,739	0.76

(1) Represents the gross levy. Includes amounts allocated to the Successor Agency to satisfy enforceable obligations (see "–Dissolution of the Richmond Community Redevelopment Agency") and amounts owed by the Former Agency to the County Supplemental Educational Revenue Augmentation Fund (SERAF) that is payable from incremental property taxes. Commencing May 10, 2010, repayment of the SERAF amount ($12,202,114) is being made over 10-years at an interest rate equal to 2% pursuant to the terms of a structured payment plan agreement with the Department of Finance.

(2) Due to the County use of the Teeter Plan, the City receives 100% of its tax levy, with the County responsible for collection of delinquent amounts.

Source: Contra Costa County Auditor-Controller.

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

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Largest Taxpayers. Set forth in Table A-9 are the 10 largest secured taxpayers in the City for the Fiscal Year ending June 30, 2015, based on net assessed valuations within the City.

Table A-9
City of Richmond
Largest Property Taxpayers
Fiscal Year 2014-15
($ in 000's)

Property Owner	Parcels	Land Use	2014-15 Net Assessed Value Total	% Total
Chevron USA Inc.†	85	Industrial	$3,052,176,276	22.7%
Kaiser Foundation Health Plan	5	Industrial	215,382,959	1.6
Guardian of KW Hilltop LLC	2	Residential	150,112,542	1.1
Lennar Emerald Marina Bay LLC	484	Residential	135,219,256	1.0
Richmond Essex, LP	1	Residential	74,326,827	0.6
Crescent Park EAH LP	6	Residential	52,944,652	0.4
Menlo Westridge Affordable Partners, LP	4	Residential	42,010,240	0.3
Dicon Fiberoptics Inc.	2	Industrial	41,307,604	0.3
Ford Point LLC	1	Industrial	39,780,255	0.3
U S Reif Sierra Ridge CA LP	1	Residential	38,766,000	0.3
SUBTOTAL	591		3,842,026,611	28.6
Remaining Property Owners		Various	9,577,796,395	71.4
TOTAL			$13,419,823,006	100.0%

Sources: Contra Costa County Assessor 2014-15 Combined Tax Rolls and SBE Non Unitary Tax Roll.

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

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Sales and Use Taxes. The sales tax is an excise tax imposed on retailers for the privilege of selling tangible personal property. The use tax is an excise tax imposed on a person for the storage, use or other consumption of tangible personal property purchased from any retailer. The proceeds of sales and use taxes (collectively, "Sales Tax") imposed within the boundaries of the City are distributed by the State to various agencies as shown below in Table A-10. The total Sales Tax rate for the City as of April 1, 2015 is 9.500% and is allocated in the table below.

Table A-10
City of Richmond
Composition of Sales Tax Rate
(As of April 1, 2015)

State - General State	3.6875%
State - General State	0.2500
State – Fiscal Recovery Fund (2004 Economic Recovery Bonds)	0.2500
State – Local Public Safety Fund (1993)	0.5000
State – Local Revenue Fund (Health and Social Services)	0.5000
State – Local Revenue Fund 2011 (Public Safety)	1.0625
State – Education Protection Account (2012 Proposition 30)[(1)]	0.2500
Local - City of Richmond	0.7500
Local - Contra Costa County	0.2500
SUBTOTAL STATEWIDE SALES AND USE TAX	7.5000
San Francisco Bay Area Rapid Transit District	0.5000
Contra Costa County Transportation Authority	0.5000
City of Richmond Transactions and Use Tax - General Fund[(2)]	1.0000
TOTAL	9.5000%

(1) Due to voter approval of Proposition 30, the statewide base sales and use tax rate will increase one quarter of one percent (0.25%) on January 1, 2013. The higher tax rate applies for four years – January 1, 2013 through December 31, 2016.

(2) In November 2004 the voters of the City approved Measure Q, which imposed a one-half of one percent (1/2%) transactions and use tax for General Fund purposes of the City. The authorization to collect taxes pursuant to Measure Q commenced in April 2005 and continues until repealed. This transactions and use tax is collected on a different tax base than the local sales and use tax. Local sales and use taxes are allocated to the area where the sale takes place, while district transactions and use taxes follow the merchandise, so they are allocated to the area where merchandise is delivered and presumably used. As a result of these differences, there is not a perfect correlation between the City's local sales and use tax receipts and its transactions and use tax receipts. Effective April 1, 2015, the total Sales Tax rate increased to 9.50% as a result of approval of Measure U (discussed below).

Source: California State Board of Equalization.

The November 4, 2014 General Election ballot measure imposing a half-cent increase in the sales tax to maintain and enhance essential City services, such as public safety, public health and wellness programs and street paving ("Measure U") was approved by a majority of the voters. Effective April 1, 2015, the Sales Tax rate in the City increased to 9.5% with the revenues from Measure U (which were approximately $3.5 million in Fiscal Year 2014-15 and estimated to be approximately $7.5 million in each Fiscal Year thereafter) being deposited in the General Fund of the City.

Table A-11 shows Sales Tax receipts and their respective percentage of General Fund revenues (excluding transfers in) from Fiscal Year 2010-11 through Fiscal Year 2014-15 and budgeted for Fiscal Year 2015-16.

Table A-11
City of Richmond
Sales Tax Receipts

	Sales Tax		Percentage of General Fund
Fiscal Year	Receipts	% Change	Revenues[1]
2010-11	$23,025,923	(7.9%)	19.2%
2011-12	27,788,340	20.7	21.6
2012-13	29,865,548	7.5	23.5
2013-14	29,627,711	(0.8)	23.8
2014-15[2]	33,131,486	11.8	23.7
2015-16[3]	42,321,811	27.8	29.9

(1) Excludes operating transfers in.
(2) Includes $3.5 million in Measure U sales tax that took effect April 1, 2015, as described below.
(3) Budgeted.
Sources: City of Richmond, Comprehensive Annual Financial Report for Fiscal Years 2010-11 through Fiscal Year 2014-15; and the Adopted Operating Budget for Fiscal Year 2015-16.

Sales Tax receipts for Fiscal Year 2013-14 were $29.6 million, representing approximately 23.8% of General Fund revenues (excluding transfers in) and an approximately 0.8% decrease compared to Fiscal Year 2012-13.

Sales Tax receipts for Fiscal Year 2014-15 were $33.1 million, representing approximately 23.7% of General Fund revenues (excluding transfers in) and an approximately 11.8% increase compared to Fiscal Year 2013-14. The amount includes nearly $2.0 million from Measure U, a voter approved half cent sales tax that became effective on April 1, 2015.

Sales Tax receipts for Fiscal Year 2015-16 are budgeted at $42.3 million, representing approximately 29.9% of General Fund revenues (excluding transfers in) and an approximately 27.8% increase compared to Fiscal Year 2014-15. The budgeted amount includes an estimated $8 million as a result of the passage of Measure U.

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Table A-12 sets forth a history of taxable sales for the City for calendar years 2009 through 2013 (the most recent annual data available).

Table A-12
City of Richmond
Taxable Sales
($ in thousands)[1]

	2009	2010	2011	2012	2013[2]
Motor Vehicle and Parts Dealers	$124,373	$129,790	$148,121	$194,138	$208,715
Home Furnishings and Appliance Stores	13,329	15,133	16,851	22,279	18,586
Food and Beverage Stores	29,939	31,840	31,176	31,646	32,878
Gasoline Stations	218,917	249,778	245,193	240,918	273,795
Clothing and Clothing Accessories Stores	41,966	37,489	34,922	33,892	34,253
General Merchandise Stores	236,229	240,893	245,928	245,757	241,928
Food Services and Drinking Places	56,336	57,261	60,205	64,123	67,246
Other Retail Group	83,046	93,045	95,402	93,352	107,051
SUBTOTAL RETAIL AND FOOD STORES	804,135	855,228	877,798	926,106	984,451
All Other Outlets	212,106	214,284	246,467	264,897	273,366
TOTAL ALL OUTLETS	$1,016,242	$1,069,512	$1,124,265	$1,191,003	$1,257,817

(1) Columns may not add due to rounding.
(2) Most recent annual data available.
Source: California State Board of Equalization.

Cessation of Residential Eminent Domain Proceedings. In April 2013, the City Council approved implementation of a proposed program to ease the impacts of the mortgage crisis on residents of the City by acquiring mortgages of residential property owners whose mortgages exceed the current market value of their homes, i.e. "underwater mortgages" through eminent domain.

As of the date of this Official Statement, the City Council has not taken any action to approve the proposed program nor has the City Council taken any action to approve commencement of any eminent domain proceedings.

Social Impact Bond Program. On September 23, 2014, the City Council approved a resolution to work with the Richmond Community Foundation, a California nonprofit corporation (the "Foundation") on a program to rehabilitate and sell up to approximately 1,000 dilapidated and abandoned properties (the "Program") in the City that have contributed to neighborhood blight.

In June 2015, the City Council authorized the issuance of the not to exceed $3.0 million of social impact bonds to provide the initial funding for the program. The proceeds of the bonds will be loaned to the Foundation to acquire target properties from lenders (banks or mortgage pool trustees), or through tax sales or other means and rehabilitate the properties, bringing them up to habitable/marketable standards. The Foundation plans to take measures to limit sales to owner-occupants rather than investors through a Preferred Buyer Program operated by SparkPoint, a financial education center located in Richmond that helps low-income clients address immediate financial crises, get them back on their feet, and build financially secure futures.

The social impact bonds will be paid *solely* from the proceeds generated from the Program, with no liability for repayment to the City and were issued on November 20, 2015.

The Foundation has engaged the services of local developers and contractors in the City working with the Richmond Build Program to provide rehabilitation services.

Documentary Transfer Tax. The City collects a tax (the "Documentary Transfer Tax") on all transfers by deeds, instruments, writings or any other document by which lands, tenements, or other interests in real property are sold at a rate of $7.00 for each $1,000 or fractional part thereof of the consideration. Documentary Transfer Tax revenues for Fiscal Year 2013-14 were approximately $3.5 million, representing approximately 2.8% of General Fund revenues. See "FINANCIAL OPERATIONS–Financial Statements."

Documentary Transfer Tax revenues in Fiscal Year 2014-15 were approximately $4.8 million, representing approximately 3.5% of budgeted General Fund revenues (excluding transfers in). For the Fiscal Year 2014-15 Revised Adopted Operating Budget, documentary transfer tax revenues are budgeted at $4.2 million, representing 2.9% of budgeted General Fund revenues. Table A-13 summarizes Documentary Transfer Tax receipts and their respective percentage of General Fund revenues (excluding transfers in) for the past five Fiscal Years and budgeted for Fiscal Year 2015-16.

Table A-13
City of Richmond
Documentary Transfer Tax Receipts[1]

	Documentary Transfer Tax		Percentage of General Fund
Fiscal Year	**Receipts**	**% Change**	**Revenues**
2010-11	$4,463,035	53.8%	3.7%
2011-12	2,765,842	(55.2)	1.8
2012-13	2,957,834	6.9	2.3
2013-14	3,461,473	17.0	2.8
2014-15[2]	4,818,835	39.2	3.5
2015-16[3]	4,208,505	(12.7)	2.9

(1) Excludes operating transfers in.
(2) The 39.2% increase in Fiscal Year 2014-15 compared to the prior Fiscal Year reflects the transfer of several large properties that were sold towards the end of the Fiscal Year.
(3) Budgeted. Fiscal Year 2015-16 budgeted amounts compared to prior Fiscal Year stems from much larger than expected payments from the County at the end of Fiscal Year 2014-15.

Sources: City of Richmond Comprehensive Annual Financial Reports for Fiscal Years 2010-11 through Fiscal Year 2014-15; and the Adopted Operating Budget for Fiscal Year 2015-16.

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VLF Revenue from the State. Revenue from the State consists of revenue from vehicle license fees (the "VLF") and property tax in lieu of VLF (also known as the "VLF Backfill"). The City receives additional property tax to replace VLF revenue that were reduced when the State repealed the State general fund backfill for the reduction in the VLF. Revenue from the State in the Fiscal Year 2015-16 is estimated to be approximately $7.5 million, representing approximately 5.2% of budgeted General Fund revenues (excluding transfers in) and an increase of approximately 7.0% compared to Fiscal Year 2014-15. Table A-14 shows receipts of revenue from the State and their respective percentage of General Fund revenue (excluding transfers in) since Fiscal Year 2010-11 and the budgeted amount for Fiscal Year 2015-16.

Table A-14
City of Richmond
VLF Revenue from the State†

	Revenue from the State		Percentage of General Fund
Fiscal Year	Receipts	% Change	Revenue(1)
2010-11	$6,589,729	(9.1%)	5.5%
2011-12	6,397,268	(2.9)	4.9
2012-13	7,889,106	23.3	6.2
2013-14	6,390,653	(19.0)	5.2
2014-15	6,975,759	9.2	5.0
2015-16(2)	7,467,491	7.0	5.2

† In Table A-2, "Revenue from the State" are included in "Intergovernmental."
(1) Excludes operating transfers in.
(2) Budgeted.
Sources: Comprehensive Annual Financial Report for Fiscal Years 2010-11 through Fiscal Year 2014-15; and the Adopted Operating Budget for Fiscal Year 2015-16.

The State has relied on significant shifts in revenues from local governments to the State in the past when the State experienced significant budgetary problems. See also "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES, REVENUES AND APPROPRIATIONS–Proposition 1A of 2004" in the front of this Official Statement.

Other Taxes and Fees. Other sources of City revenues include the transient occupancy tax, franchise taxes and fees, fines, and fees for licenses and permits issued by the City which, on a combined basis, represented approximately 3.4% of the City's General Fund revenues (excluding operating transfers in) for Fiscal Year 2013-14 and represented approximately 9.2% of the City's General Fund revenues (excluding operating transfers in) for Fiscal Year 2014-15. For Fiscal Year 2015-16, these sources are budgeted to represent approximately 6.7% of General Fund revenues.

Pension Plans

The City contributes to a multiple-employer defined benefit retirement plan ("PERF") administered by the California Public Employees' Retirement System ("CalPERS") as well as three separate City-administered, single-employer, defined-benefit pension plans – the General Pension Plan, the Police and Firemen's Pension Plan and the Garfield Pension Plan. **CalPERS does not manage any of the three separate City-administered pension plans.** For information regarding the three City-administered plans, see *"–City Administered Pension Plans*."

GASB Accounting Standards. In 2012, GASB approved two new standards, Statement No. 67, *Financial Reporting for Pension Plans (GASB 67)* and Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*, with respect to pension accounting and financial reporting standards for state and local governments and calls for immediate recognition of more pension expense than was previously required. GASB 67 revises existing guidance for the financial reports of most pension plans and GASB 68 revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (GASB 71)* to address an issue regarding application of the transition provision of GASB 68.

GASB 67. GASB 67, which is effective for fiscal year beginning after June 15, 2013, replaces the requirements of GASB 25 and GASB 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. GASB 67 enhances note disclosures and required supplementary information for both defined benefit and defined contribution pension plans. GASB 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

GASB 68. GASB 68, which is effective for fiscal years beginning after June 15, 2014, requires immediate recognition of annual service cost and interest on the pension liability and immediate recognition of the effect on the net pension liability of changes in benefit terms. Other components of pension expense will be recognized over a closed period that is determined by the average remaining service period of the plan members (both current and former employees, including retirees). These other components include the effects on the net pension liability of (i) changes in economic and demographic assumptions used to project benefits and (ii) differences between those assumptions and actual experience. Lastly, the effects on the net pension liability of differences between expected and actual investment returns will be recognized in pension expense over a closed five-year period.

GASB 71. GASB 71 amends paragraph 137 of GASB 68 to eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

During Fiscal Year 2014-15, the City implemented GASB 68 and GASB 71. These new pension accounting standards respond to public interest about government pensions and provide new transparency about the City's considerable pension obligations and their funding progress. Governmental Activities net position was restated by $321.6 million and Business-Type Activities net position was restated by $13 million changing the City's total net position at July 1, 2014 from $209.7 million to a deficit $124.9 million and unrestricted net position from a deficit $152.1 million to a deficit $489.7 million. The majority restatement is due to a $337.4 million reduction to beginning net position to record the City's new net pension liability and related deferred outflows of resources for pension contributions made during the prior year in accordance with the new pension accounting standards. Additionally, governmental activities net position was increased by a net $2.8 million due to adjustments made to various receivable balances. These restatements are fully discussed in Note 10F–"Fund Balance and Net Position–*Restatement and Adjustments of Fund Balance and Net Position."* The new net pension liability of $209.3 million, representing an accounting measure of the City's unfunded pension obligations, is presented as a new liability on the Statement of Net Position at June 30, 2015.

The implementation of these standards required the City to make prior period adjustments. As a result, beginning net positions were restated. See Note 10–"Fund Balances and Net Position," Note 11–"California Public Employees' Retirement System Pension Plans," and Note 12–"Other City Pension Plans" of APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

Calculations made by CalPERS and the City-administered pension plans will be modified as these new standards are implemented. The City expects that all of the pension plans will initially report weaker funded ratios as GASB 67 and GASB 68 are phased in.

Pension Reform. On January 1, 2013, the *"Public Employee Pension Reform Act of 2013"* ("PEPRA") took effect, which implemented lower defined-benefit formulas with higher retirement ages for new employees hired on or after that date and includes provisions to increase current employee contributions. Key changes to retirement plans affecting the City include: (i) permitting the employer and employee organization to mutually agree to any cost sharing agreement for pension benefits between January 1, 2013 and December 31, 2017, however, commencing January 1, 2018, the employer may unilaterally require employees to pay 50% of the total annual normal cost (i.e. the cost of service accrual for the upcoming Fiscal Year for active employees, in the absence of any surplus or unfunded liability, expressed as a percentage of payroll) up to an 8% contribution rate for Miscellaneous Plan employees and an 11% or 12% contribution rate for Safety Plan employees and employers are prohibited from paying any of the required employee contribution; (ii) eliminating the ability of an employer to provide better health benefits or health benefit vesting to non-represented employees than it does for represented employees; (iii) eliminating the ability of any public employee to purchase nonqualified service or "airtime," unless an official application was received by the system prior to January 1, 2013; (iv) requiring the combined employer and employee contributions, in any fiscal year, to cover that year's normal cost; (v) requiring both current and future public officials and employees to forfeit pension and related benefits if they are convicted of a felony in carrying out official duties, in seeking an elected office or appointment, or in connection with obtaining salary or pension benefits, subject to certain requirements; (vi) limiting post retirement public employment by: (A) prohibiting working more than 960 hours or 120 days per year for any public employer; (B) requiring a 180-day "sit-out" period before a retiree could return to work except under certain circumstances; (C) requiring a one-year "sit-out" period for retirees who received either a golden handshake or some other employer incentive to retire; (D) prohibiting an individual receiving an industrial disability retirement from working for another public employer doing the same or substantially similar job; and (E) requiring a public retiree appointed to a full time State board or commission to suspend his or her retirement allowance and become a member of CalPERS; and (vii) requiring CalPERS (for plans it administers) to develop requirements for defining a significant increase in actuarial liability for a former employer due to excessive compensation paid by a subsequent public employer, and to develop a plan to assess the cost of that excess liability to the employer who paid the excessive compensation.

In addition to the above reforms, employees hired on or after January 1, 2013 are subject to: (i) a new benefit formula equal to 2% percent at 62 for Miscellaneous Plan employees with an early retirement age of 52 and a maximum benefit factor of 2.5% at 67 and for Safety Plan employees with a normal retirement age at 50 and a maximum retirement age at 57 with the defined benefit formula ranging from 1.426% at age 50 under the basic formula to 2.7% at age 57; (ii) a cap on pensionable salaries at the Social Security contribution and wage base of $110,100 (or 120% of that amount for employees not covered by Social Security), adjusted annually based on the CPI for All Urban Consumers; (iii) rules prohibiting a retirement board from administering, and a public employer from offering, a benefit replacement plan; (iv) a requirement that: (A) all public retirement systems in the State to adhere to the federal compensation limit when calculating retirement benefits for new members and (B) prohibit a public employer from making contributions to any qualified public retirement plan based on any portion of compensation that exceeds the limit; (iv) contributions equal to 50% of the total annual normal cost of pension benefits; (v) a requirement that compensation be defined as the normal rate of regular, recurring pay, excluding special bonuses, unplanned overtime, payouts for unused vacation or sick leave, and other special pay, provided that these requirements do not apply to the extent a system has adopted a more restrictive definition of compensation earnable; and (vi) a requirement that final compensation be defined as the highest average annual final compensation during a consecutive 36 month period, subject to the cap.

Costs for other post-employment benefits are not addressed in PEPRA. However, later retirement ages will help reduce such liabilities in the long-term.

The City is evaluating the impact this legislation will have on its near-term and long-term pension costs.

California Public Employees' Retirement System. *The following information concerning CalPERS and PERF has been obtained from publicly available information on the CalPERS and State Treasurer websites. The City believes such information to be reliable, however the City takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information.*

CalPERS does not prepare department specific information for its members. The following information related to the City includes costs for all City departments, including those funded by the General Fund.

The City contributes to PERF, a multiple-employer, public employee, defined benefit, pension plan. PERF provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: Lincoln Plaza North, 400 Q Street, Sacramento, California 95814.

The staff actuaries at CalPERS prepare annually an actuarial valuation which covers a Fiscal Year ending approximately 12 months before the actuarial valuation is prepared (thus, the actuarial valuation as of June 30, 2013 (the "CalPERS 2013 Actuarial Valuation") was delivered to the City in October 2014). The actuarial valuation expresses the City's required contribution rates in percentages of payroll, which percentages the City contributes in the Fiscal Year immediately following the Fiscal Year in which the actuarial valuation is prepared (thus, the City's contribution rates derived from the CalPERS 2013 Actuarial Valuation, are effective for the City's Fiscal Year 2015-16). CalPERS rules require the City to implement the actuary's recommended rates.

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.

Employees of the City hired on or before December 31, 2012 participate in the Miscellaneous Plan under the 2.7% at age 55 Benefit Formula or the Safety Plan under the 30.% at age50 (Police) or 3.0% at age 55 (Fire) Benefit Formula. Employees at the City hired on or after January 1, 2013 participate under the Miscellaneous Plan 2.0% at age 62 Benefit Formula or the 2.7% at age 57 (Police and Fire) Benefit Formula.

The Plans' provisions and benefits in effect an June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% at 55	2.0% at 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%	6.75%
Required employer contribution rates	19.858%	19.858%

	Safety – Police	Safety – Fire	Safety – Police and Fire
Hire Date	Prior to January 1, 2013	On or after January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% at age 50	3.0% at age 55	2.7% at age 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%	3.0% to 2.7%
Required employee contribution rates	9%	9%	12.25%
Required employer contribution rates	30.512%	30.512%	30.512%

Contributions. The California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined annually 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.

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For Fiscal Year 2014-15, the actuarially determined contributions for the Miscellaneous Plan and the Safety Plan was $7,178,549 and $10,659,057, respectively. The Schedule of for Fiscal Year 2014-15 for the Miscellaneous Plan and the Safety Plan is set forth in Table A-15A and A-15B, respectively.

Table A-15A
City of Richmond
Schedule of Changes in the Net Pension Liability and Related Ratios
Miscellaneous Plan
(CalPERS)

	2015
Actuarially determined contribution	$7,178,549
Contributions in relation to the actuarially determined contributions	(7,178,549)
Contribution deficiency (excess)	–
Covered-employee payroll	$36,151,102
Contributions as a percentage of covered-employee payroll	19.86%
Notes to schedule	
Valuation date:	6/30/2012
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Average remaining amortization period	24 years as of valuation date
Asset valuation method	15 year Smoothed Market value
Inflation	2.75%
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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement morality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

† Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Table A-15B
City of Richmond
Schedule of Changes in the Net Pension Liability and Related Ratios
Safety Plan
(CalPERS)

	2015
Actuarially determined contribution	$10,650,057
Contributions in relation to the actuarially determined contributions	(10,650,057)
Contribution deficiency (excess)	–
Covered-employee payroll	$31,151,966
Contributions as a percentage of covered-employee payroll	29.46%

Notes to schedule

Valuation date:	6/30/2012
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Average remaining amortization period	26 years as of valuation date
Asset valuation method	15 year Smoothed Market value
Inflation	2.75%
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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement morality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

† Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

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 of the Plans is measured as of June 30, 2014, using the CalPERS 2013 Actuarial Valuation rolled forward to June 30, 2014 using standard update procedures.

Actuarial Assumptions. For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2%(1)
Investment Rate of Return	7.5%(2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds(3)

(1) Depending on age, service and type of employment.
(2) Net of pension plan investment and administration expenses, includes inflation.
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website under Forms and Publications.

All other actuarial assumptions used in the CalPERS 2013 Actuarial 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.

Discount Rate. The discount rate used to measure the total pension liability was 7.50% 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 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent multiple-employer plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to

the discount rate will require action by the CalPERS board and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least Fiscal Year 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

For additional information regarding the CalPERS plans see Note 11–"California Public Employees' Retirement System Pension Plans" in APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

Employees Covered. As of the date of the CalPERS 2013 Actuarial Valuation, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	873	436
Inactive employees entitled to but not yet receiving benefits	470	78
Active employees	513	261
TOTAL	1,856	775

Changes in Net Pension Liability. The changes in the Net Pension Liability for the Miscellaneous and the Safety Plan as of June 30, 2014 measurement date are set forth in Table A-16A and A-16B, respectively.

Table A-16A
City of Richmond
Changes in the Net Pension Liability
Miscellaneous Plan
(CalPERS)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$415,561,984	$304,680,611	$110,881,373
Changes in the year:			
Service cost	7,816,868		7,816,868
Interest on the total pension liability	30,597,498		30,597,498
Differences between actual and expected experience			0
Changes in assumptions			0
Changes in benefit terms			0
Contribution – employer		6,661,038	(6,661,038)
Contribution – employee		3,195,699	(3,195,699)
Net investment income		51,867,728	(51,867,728)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,007,539)	0
Net Changes	15,406,827	38,716,926	(23,310,099)
Balance at June 30, 2014	$430,968,811	$343,397,537	$87,571,274

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

Table A-16B
City of Richmond
Changes in the Net Pension Liability
Safety Plan
(CalPERS)

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2013	$518,576,503	$379,062,015	$139,514,488
Changes in the year:			
Service cost	10,167,167		10,167,167
Interest on the total pension liability	38,254,517		38,254,517
Differences between actual and expected experience			0
Changes in assumptions			0
Changes in benefit terms			0
Contribution – employer		9,352,438	(9,352,438)
Contribution – employee		3,348,408	(3,348,408)
Net investment income		64,842,562	(64,842,562)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(27,199,743)	(27,199,743)	0
Net Changes	21,221,941	50,343,665	(29,121,724)
Balance at June 30, 2014	$539,798,444	$429,405,680	$110,392,764
Totals – Miscellaneous and Safety Plans	**$970,767,255**	**$772,803,217**	**$197,964,038**

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

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	6.50%	(1.00%)
Net Pension Liability	$139,520,823	$178,911,706
Current Discount Rate	7.50%	0.00%
Net Pension Liability	$87,571,274	$110,392,764
1% Increase	8.50%	1.00%
Net Pension Liability	$44,192,579	$53,656,097

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

City Administered Pension Plans

Additional information regarding the City Administered Pension Plans, including investment policies, net pension liability, expenses and financial statements is presented in see Note 12–"Other Pension Plans" in APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

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

As of the June 30, 2015 actuarial valuation, the fair value of assets under the General Pension Plan was $2,438,020. Actuarial assumptions included a discount rate (net of investment expenses) of 3.00%. In computing the actuarial valuation, General Pension Plan assets were assumed to yield a 3.00%, inflation rate of 2.75%, and cost of living benefit increases of 5.00% annually.

For Fiscal Year 2014-15, the annual money-weighted rate of return on General Pension Plan investments, net of investment expenses, was 0.3%.

The City's contributions to the General Pension Plan for the last 10 Fiscal Years are presented below:

Table A-17
City of Richmond
Schedule of Contributions
General Pension Plan

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)
June 30, 2006	$238,264	$238,264	$0	N/A	N/A
June 30, 2007	238,264	238,264	0	N/A	N/A
June 30, 2008	307,948	307,948	0	N/A	N/A
June 30, 2009	307,948	307,948	0	N/A	N/A
June 30, 2010	486,092	486,092	0	N/A	N/A
June 30, 2011	486,092	486,092	0	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	0	N/A	N/A
June 30, 2015	602,970	602,970	0	N/A	N/A

N/A = Not applicable.
Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

The schedule of changes in net pension liability and related ratios for the General Pension Plan for the Fiscal Years 2013-14 and 2014-15 is presented below:

Table A-18
City of Richmond
Schedule of Changes in the Net Pension Liability and Related Ratios
General Pension Plan

	2014†	**2015**
Total Pension Liability		
Service Cost	$0	$0
Interest	147,247	128,954
Differences between expected and actual experience	0	345,786
Changes of assumptions	0	322,312
Changes of benefit terms	0	0
Benefit payments, including member contribution refunds	(592,105)	(672,546)
Net change in Total Pension Liability	(444,858)	124,506
Total Pension Liability at beginning of year	4,219,909	3,775,051
Total Pension Liability at end of year	**$3,775,051**	**$3,899,557**
Fiduciary Net Portion		
Contributions - employer	$602,970	$602,970
Contributions – donations and other income	0	0
Contributions – member	0	0
Net investment income	(837)	2,017
Other additions	0	0
Benefit payments, including member contribution refunds	(592,105)	(672,546)
Administrative expenses	0	0
Other deductibles	0	0
Net change in Fiduciary Net Position	10,028	(67,559)
Fiduciary Net Position at beginning of year	1,033,168	1,043,196
Fiduciary net position at end of year	**$1,043,196**	**$975,637**
Net pension liability (asset) at end of year	**$2,731,855**	**$2,923,920**
Fiduciary net position as percentage of total pension liability	27.6%	25.0%
Covered-employee payroll	N/A	N/A
Net pension liability as percentage of covered employee payroll	N/A	N/A

† Fiscal Year 2013-14 was the first year of implementation of the new financial reporting standards for pension plans. See "*–GASB Accounting Standards.*"

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

Police and Firemen's Pension Plan. The Police and Firemen's Pension Plan is a defined benefit pension plan covering the 98 police and fire personnel employed by the City prior to October 1964. The Police and Firemen's Pension Plan is closed to new members, and substantially all of its current members are retired. Funding for the Police and Firemen's Pension Plan is provided from the Pension Reserve Trust Fund. Employees eligible under the Police and Firemen's Pension Plan were vested after five years of service, and members were allowed normal retirement benefits after 25 or more continuous years of service. The City is required under its charter to contribute the remaining amounts necessary to fund the Police and Firemen's Pension Plan using the Entry Age Normal Cost actuarial cost method as specified by ordinance.

The City established the Secured Pension Override Special Reserve Fund, to which a portion of the proceeds of an *ad valorem* property tax override levied annually at the rate of 0.14% of the assessed value of all taxable property within the City and approved by the citizens of the City are credited, for the payment of benefits under the Police and Firemen's Pension Plan as well as other pre-1978 benefits approved for general safety and miscellaneous employees enrolled in CalPERS. In Fiscal Year 2014-15, the revenue received by the Police and Firemen's Pension Plan from the tax was $4,584,426, while benefits paid were $740,235.

As of the June 30, 2015 actuarial valuation, the fair value of assets under the Police and Firemen's Pension Plan was approximately $13,355,777. Actuarial assumptions included a discount rate (net of investment expenses) of 5.75%. In computing the actuarial valuation, Police and Firemen's Pension Plan assets were assumed to yield a 5.75% return, inflation rate of 2.75%, and a cost of living benefit increases were assumed at a rate of 3.00% annually (reflecting the terms of the most recent memoranda of understanding).

For Fiscal Year 2014-15, the annual money-weighted rate of return on Police and Firemen's Pension Plan assets, net of investment expenses, was 2.4%.

As a result of a successful appeal by Chevron of its assessed valuations for Fiscal Years 2004-05, 2005-06 and 2006-07, and an agreement reached by the County and Chevron on April 1, 2010 for the repayment of a total of $17.84 million refund owed to Chevron, $759,000 was deducted from the City's *ad valorem* property tax override receipts received by the County in December 2011 and the remainder in the amount of $1.541 million, was deducted from the December 2012 City's ad valorem property tax override receipts received by the County. A pro rata portion of the reduced property tax override revenues consequently reduced revenue deposited into the Secured Pension Reserve Trust Fund and funds available to pay benefits to Police and Fire retirees. See "–Major General Fund Revenue Sources–*Assessment Appeals*."

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The City's contributions to the Police and Firemen's Pension Plan for the last 10 Fiscal Years are presented below:

Table A-19
City of Richmond
Schedule of Contributions
Police and Firemen's Pension Plan

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)
June 30, 2006	$2,215,648	$2,215,648	$0	N/A	N/A
June 30, 2007	2,215,648	6,215,648	(4,000,000)	N/A	N/A
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	0	2,257,912	N/A	N/A
June 30, 2012	1,596,771	0	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	0	N/A	N/A

N/A = Not applicable.
Source: City of Richmond, Comprehensive Annual Financial Reports for Fiscal Year 2014-15.

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The schedule of changes in net pension liability and related ratios for the Police and Firemen's Pension Plan for the Fiscal Years 2013-14 and 2014-15 is presented below:

Table A-20
City of Richmond
Schedule of Changes in the Net Pension Liability and Related Ratios
Police and Firemen's Pension Plan

	2014†	**2015**
Total Pension Liability		
Service Cost	$0	$0
Interest	1,579,762	1,464,746
Differences between expected and actual experience	0	(323,462)
Changes of assumptions	0	1,380,854
Changes of benefit terms	0	0
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)
Net change in Total Pension Liability	(1,857,125)	(552,283)
Total Pension Liability at beginning of year	25,094,272	23,237,147
Total Pension Liability at end of year	**$23,237,147**	**$22,684,864**
Fiduciary Net Portion		
Contributions - employer	$740,235	$740,235
Contributions – donations and other income	0	0
Contributions – member	0	0
Net investment income	2,968,492	369,240
Other additions	0	0
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)
Administrative expenses	0	0
Other deductibles	(3,424,568)	0
Net change in Fiduciary Net Position	(3,152,728)	(1,964,946)
Fiduciary Net Position at beginning of year	19,834,552	16,681,824
Fiduciary net position at end of year	**$16,681,824**	**$14,716,878**
Net pension liability (asset) at end of year	**$6,555,323**	**$7,967,986**
Fiduciary net position as percentage of total pension liability	71.8%	64.88%
Covered-employee payroll	N/A	N/A
Net pension liability as percentage of covered employee payroll	N/A	N/A

† Fiscal Year 2013-14 was the first year of implementation of the new financial reporting standards for pension plans. See "*–GASB Accounting Standards.*"

Source: City of Richmond, Comprehensive Annual Financial Report for Fiscal Year 2014-15.

Garfield Pension Plan. Pursuant to a contractual agreement, the City maintains the Garfield Pension Plan to fund defined retirement and other benefits due to a retired Chief of Police of the City. Retirement, other benefits, and any continuation benefits to his surviving spouse receive the same cost-of-living increases as Safety Plan employees covered by CalPERS (*i.e.* cost of living increases of 2% per year, 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. The benefits are paid from the assets of the Garfield Pension Plan and from related investment earnings. In Fiscal Year 2014-15, the City contributed $102,140 to the Garfield Pension Plan. The beneficiary of the Garfield Pension Plan is not covered under the Police and Fireman's Pension Plan, the General Pension Plan or CalPERS.

As of the June 30, 2015 actuarial valuation, the fair value of assets under the Garfield Pension Plan was $172,439. Actuarial assumptions included a discount rate (net of investment expenses) of 3.00%. In computing the actuarial valuation, Garfield Pension Plan assets were assumed to yield a 3.00% investment return, inflation rate of 2.75%, and cost of living benefit payments were assumed to increase 2.75% annually. The City's annual payment toward amortization of the UAAL for Fiscal Year 2014-15 was $102,140 and for Fiscal Year 2015-16 is budgeted at $102,140, all of which is paid from the General Fund.

Actuarially Determined Contributions. As of June 30, 2015, the date of the most recent actuarial valuations, the actuarially determined contributions for each Plan were determined using the entry-age normal cost method and the assumptions in Note 12B in APPENDIX B–"AUDITED FINANCIAL STATEMENTS FOR THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015.

For the Police and Firemen's Pension Plan, the City's contribution policy is to annually contribute an amount equal to (i) amortization of the unfunded liability as a level-dollar over a 10-year closed period as of July 1, 2013, plus (ii) future gains and losses amortized over the same period, but not less than five years. Over the past five year, the City contributed an average 58% of the Actuarially Determined Contribution.

For the General Pension Plan, the City's contribution policy is to annually contribute an amount equal to (i) amortization of the unfunded liability as a level-dollar over a 6-year closed period as of July 1, 2013, plus (ii) 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 93% of the Actuarially Determined Contribution.

For the Garfield Pension Plan, the City's contribution policy is to annually contribute an amount equal to (i) amortization of the unfunded liability as a level-dollar over a 7-year closed period as of July 1, 2013, plus (ii) 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 77% of the Actuarially Determined Contribution.

The Actually Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2015 are presented below:

	Actuarially Determined Contribution	**Amount Contributed**	**Percent Contributed**
Police and Firemen's Pension Plan	$740,235	$740,235	100%
General Pension Plan	602,970	602,970	100
Garfield Pension Plan	102,140	102,140	100

Other Post-Employment Benefits

In addition to the retirement and pension benefits described above, the City provides post-employment medical and dental benefits ("OPEB Obligations"). In order to qualify for these benefits an employee must retire from the City and maintain enrollment in one of the City's eligible health plans. The City pays a portion of the CalPERS premiums for retirees and their dependents that vary by employment classification. In addition, certain eligibility rules and contribution requirements apply for future retirees, followed by current retirees as specified in City ordinances. For information regarding the eligibility rules and contribution requirements for each bargaining unit, see APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015–Note 13–Other Postemployment Benefits."

The City began pre-funding its OPEB Obligations by moving its ARC into a Retiree Benefit Trust Account beginning in Fiscal Year 2007-08. From Fiscal Year 2007-08 through 2009-10, the City included in its budgets the ARC as well as the normal cost, and the City had set aside $2.0 million in Fiscal Year 2005-06 to begin prefunding the liability. The City ceased the pre-funding plan in Fiscal Year 2009-10. For Fiscal Year 2015-16, the budgeted City contribution represents the normal cost.

Table A-21
Post Employment Benefit Summary
Number of Participating Retirees

Fiscal Year	Number of Participating Retirees	City Contribution
2010-11	457	$2,850,906
2011-12	467	2,975,933
2012-13	479	3,185,768
2013-14	491	3,296,802
2014-15	487	3,428,102
2015-16†	501	4,437,000

† Budgeted.
Source: City of Richmond.

Funding Policy and Actuarial Assumptions. In Fiscal Year 2009-10, the City retained an actuary to determine the unfunded liability of these benefits for active employees and retirees. That study indicated that as of July 1, 2013, the unfunded actuarial liability was estimated to be $125,461,000 and the actuarial accrued liability was estimated to be $126,447,000. During Fiscal Year 2007-08, the City joined the Public Agencies Post-Retirement Health Care Plan, a multiple employer trust administered by Public Agency Retirement Services ("PARS"). The balance in the City's PARS trust account as of June 30, 2015 was $344,677. PARS issues a publicly available financial report that includes financial statements and required supplementary information. A copy of the PARS financial report may be obtained from the Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, California 92660.

The City's policy is to partially prefund these benefits by accumulating assets with PARS along with making pay-as-you-go payments pursuant to Resolution No. 52-06 dated as of June 27, 2006, although the City has stopped pre-funding pending improvement in the economy. The Fiscal Year 2014-15 annual required contribution ("ARC") was determined as part of the July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (i) 4.00% investment rate of return, (ii) 3.25% projected annual salary increase, (iii) 3.00% inflation rate, and (iv) health care cost inflation rates of

5.00% to 8.30% for medical benefits and 4.25% for dental benefits. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates and made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30-year amortization period on a closed basis (26 years remaining at July 1, 2013). Assumption changes and experience gains and losses after July 1, 2009 are amortized over closed 15-year periods starting July 1, 2011 as a level percentage of pay.

Funding Progress and Funded Status. Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from actuarial accrued liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the Fiscal Year ended June 30, 2015, the City contributed $3,367,557 to the plan for pay-as-you-go premiums, which represented 4.7% of the $72,308,068 of covered payroll. As a result, the City recorded a Net OPEB Obligation, representing the difference between the annual ARC and actual contributions, as presented below:

	2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Annual required contribution	$7,566,000	$8,436,000	$9,229,000	$12,239,000	$13,268,000
Interest on net OPEB obligation	35,000	368,000	654,000	859,000	1,170,000
Adjustment to annual required contribution	(314,000)	(753,000)	(1,297,000)	(1,671,000)	(2,357,000)
Annual OPEB cost	7,287,000	8,051,000	8,586,000	11,427,000	12,081,000
Contributions made:					
Pay as you go (premiums paid)	(2,850,560)	(2,975,933)	(3,181,867)	(3,317,828)	(3,367,557)
Paid to Trust	–	1,700,000	(849,022)	(1,991,260)	(521,540)
Less Premiums Paid To Trust	–	–	–	3,296,802	–
Change in net OPEB obligations	4,436,440	6,775,067	4,555,111	9,414,714	8,191,903
Net OPEB obligation Beginning of Year June 30	(307,700)[1]	10,139,000[2]	16,914,067[3]	21,469,178[4]	30,883,892[5]
Net OPEB obligation End of Year (asset) June 30	$4,128,740[2]	$16,914,067[3]	$21,469,178[4]	$30,883,892[5]	39,075,795[6]

(1) As of June 30, 2010.
(2) As of June 30, 2011. During Fiscal Year 2011-12, the City determined that the OPEB obligation had been understated in the amount of $6,010,260 due to premiums reimbursed in Fiscal years 2009-10 and 2010-11 being credited to the contributions in error, and the balance as of June 30, 2011 has been increased and restated in that amount.
(3) As of June 30, 2012.
(4) As of June 30, 2013.
(5) As of June 30, 2014.
(6) As of June 30, 2015.
Sources: City of Richmond, Comprehensive Annual Financial Reports for the Fiscal Years 2010-11 through 2013-14.

The actuarial accrued liability ("AAL") representing the present value of future benefits included in the actuarial study dated July 1, 2013 amounted to $126.447 million.

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2011	$7,287,000	$2,850,560	39%	$4,128,740
6/30/2012	8,051,000	2,975,933	37	16,914,067
6/30/2013	8,586,000	4,030,889	47	21,469,178
6/30/2014	11,427,000	2,012,286	18	30,883,892
6/30/2015	12,081,000	3,889,097	32	39,075,795

Sources: City of Richmond, Comprehensive Annual Financial Report for the Fiscal Years 2011-12 through 2014-15.

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A-B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A-B)/C]
7/1/2007	–	$47,046,989	($47,046,989)	0%	$44,201,238	(106%)
7/1/2009	$6,813,000	82,883,000	(76,070,000)	8	69,788,000	(109)
7/1/2011	1,804,000	94,486,000	(92,682,000)	2	73,327,000	(128)
7/1/2013	986,000	126,447,000	(125,461,000)	1	71,393,000	(176)

Sources: City of Richmond, Comprehensive Annual Financial Report for the Fiscal Years 2012-13 through 2014-15.

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City Employees; Collective Bargaining

For Fiscal Year 2015-16, the City has budgeted 738.7 permanent, full-time equivalent positions. The City has never experienced a work stoppage.

Table A-22
City of Richmond
Full-Time Equivalent Positions
Fiscal Years 2011-12 through 2015-16

Fiscal Year	Budgeted FTE Positions
2011-12	805.1
2012-13	771.1
2013-14	806.2
2014-15	767.2
2015-16	738.7

Source: City of Richmond, Human Resources Department.

The City's employees are currently represented by six collective bargaining units, as follows: Fire Fighters, Fire Management, General, Management, Police Management and Police Officers. Table A-23 summarizes the number of employees included in the largest labor organizations. These six organizations cover approximately 95.3% of all City employees.

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Table A-23
City of Richmond
Summary of Labor Agreements

Employee Representation Organization[1]	Employee Members[2]	Contract Term	Salary Increases
Fire Fighters I.A.F.F., Local 188 and		June 30, 2018	4.0% increase on July 1, 2015 and a 6% increase on January 1, 2016; Members to contribute an additional 1% towards CalPERS commencing January 1, 2016 for a total contribution of 12% by January 1, 2016
Fire Management, RFMA	93[3]	June 30, 2018	4.0% annual increase on July 1, 2015 and a 6% increase on January 1, 2016; Members to contribute an additional 1% towards CalPERS commencing January 1, 2016 for a total contribution of 12% by January 1, 2016
General (Part time), S.E.I.U. Local 1021	8	June 30, 2016[4]	3% increase on July 1, 2015
General (Full time), S.E.I.U. Local 1021	313	June 30, 2016[4]	3.03% increase on July 1, 2015
Management, IFPTE Local 21	132	June 30, 2017	4% increase on July 1, 2015
Police Management Association and		December 31, 2016	1% increase on January 1, 2015, a 2% increase on July 1, 2015 and 3% January 1, 2016; Members to contribute an additional 1% toward CalPERS for a total contribution of 12% by end of the contract term[7]
Police Officers Association	185	June 30, 2016[4]	3.0% annual increase on each July in 2013, 2014 and 2015; Members to contribute an additional 1% toward CalPERS
Total	731		

(1) Effective January 1, 2013, all new hires are subject to PEPRA requirements. See "–Pension Plans–*Pension Reform*."
(2) Represents the number of funded positions in the Adopted Biennial Operating Budget Fiscal Year 2013-14 to Fiscal Year 2014-15.
(3) Represents combined budgeted positions for Fire Fighters and Fire Management.
(4) Negotiations with this bargaining unit are scheduled to commence in January 2016.
Source: City of Richmond, Human Resources Department.

Capital Planning

Each year, the City adopts a five-year Capital Improvement Plan (a "CIP") containing a forecast of capital improvement needs and funds identified to meet those needs during the current Fiscal Year and the next four Fiscal Years. The CIP for Fiscal Years 2014-15 through 2018-19 identifies a total of approximately $94 million in capital projects (including $12.9 million for street and road improvements), of which approximately $71.3 million is funded by capital project, enterprise, internal service and Successor Agency funds for Fiscal Year 2014-15. The CIP also identifies approximately $574 million of unfunded capital improvement projects, which may be undertaken if and when resources are identified. No General Fund borrowing for capital projects is expected. The CIP is available on the City's website at www.ci.richmond.ca.us.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; natural disasters; and inverse condemnation. In April 2009, the City joined the California State Association of Counties Excess Insurance Authority (the "CSAC-EIA") for worker's compensation insurance. In July 2009, the City joined the California Joint Powers Risk Management Authority ("CJPRMA") for general liability and employment practices coverage. These insurance pools are described below. The City has chosen to establish a risk financing internal service funds where assets are accumulated for claim settlements associated with the above risks of loss up to certain limits. See also APPENDIX B-"AUDITED FINANCIAL STATEMENTS OF THE CITY OF RICHMOND FOR THE YEAR ENDED JUNE 30, 2015–Note 15–"Risk Management–Liability for Self-Insured Claims."

Excess coverage for the risk categories excluding inverse condemnation is provided by policies with various commercial insurance carriers. Current self-insurance, self-insured retention ("SIR") levels, deductibles and insurance company limits for Fiscal Year 2014-15 are as follows:

Type of Coverage	Self-Insurance/Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions Earthquake and Earthquake Sprinkler Leakage	Earthquake 5% of total insured value (TIV) $50,000,000 per location subject to minimum of $100.000 per occurrence $25,000 for All Other Perils per occurrence with a TIV equal to $292,166,232	$50,000,000 inclusive of deductible	Varies for each layer of coverage
Crime/Employee Dishonesty	$10,000 per claim	$1,000,000 inclusive of deductible	National Union Fire Insurance Company of Pittsburgh, PA
Property	$10,000 per claim	$1,000,000,000 inclusive of deductible	Lexington
Boiler and Machinery	$5,000 per claim	$100,000,000 inclusive of deductible	Lexington
Port Liability	$25,000 per claim	$50,000,000 inclusive of deductible	Various
Special Events Program	None	$1,000,000 per occurrence; $2,000,000 aggregate	Gales Creek
Excess Workers Compensation	$750,000 per claim	Statutory excess of $50,000,000	CSAC-EIA (See also "–CSAC-EIA.")
Student Volunteer	None	$100,000 accidental	Ace American

Source: City of Richmond.

CJPRMA. The CJPRMA provides coverage against liability ($500,000 deductible with a coverage limit of $40 million) and employment practices ($500,000 deductible with a coverage limit of $10 million) under the terms of a joint-powers agreement with the City.

Once the City's self-insured retention for general liability claims is met, CJPRMA becomes responsible for reimbursements of payments for future expenses related to the claim. The City paid premiums in the amount of $674,041 for the year ended June 30, 2015. Actual surpluses are allocated to members based on an actuarial study and losses are allocated on the basis of each member's share of cash contributions.

Audited financial statements for the CJPRMA are available from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, California 94551.

CSAC EIA. CSAC EIA is a public entity risk pool of cities and counties within Northern California. The CSAC EIA provides workers' compensation coverage up to the California statutory limit, and the City retains a self-insured retention of $750,000. Loss contingency reserves established by the CSAC EIA are funded by contributions from member agencies. The City pays an annual contribution to the CSAC EIA, which includes its pro-rata share of excess insurance premiums, charges for pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the risk pool. The City paid premiums in the amount of $258,331 for the year ended June 30, 2015. CSAC EIA provides insurance through the pool up to $10,000, beyond which group purchased commercial excess insurance is obtained. CSAC EIA has never made an additional assessment and is currently fully funded. No provision has been made on the financial statements of the City for liabilities related to possible additional assessments.

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

CITY DEBT SUMMARY

General Obligation Bond Debt

The City has no outstanding general obligation bonds.

The City does not currently anticipate issuing any new long-term General Fund debt in the next five Fiscal Years.

Tax and Revenue Anticipation Notes

The City issued $16,000,000 principal amount of notes to finance seasonal cash flow requirements during Fiscal Year 2014-15. These notes were repaid on June 30, 2015.

The City does not expect to issue notes for Fiscal Year 2015-16.

General Fund and Lease Obligation Debt

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

Table A-24 summarizes the lease obligations payable from or backed by the General Fund of the City as of June 30, 2015. The City has never failed to pay principal of or interest on any debt or lease obligation when due nor made any draws on debt service reserves.

Table A-24
City of Richmond
General Fund Obligations
As of June 30, 2015

Issuer/Issue	Date Issued	Projects	Amount Issued	Amount Outstanding	Final Maturity
City of Richmond					
Capital Leases	Various	Various	$13,473,552	$9,295,125	Various
City of Richmond Taxable Pension Funding Bonds, Series 2005B-1†	2005	Pension costs	47,061,930	70,762,476	2023
City of Richmond Taxable Pension Funding Bonds, Series 2005B-2†	2005	Pension costs	41,403,173	41,403,173	2034
Richmond Joint Powers Financing Authority					
Lease Revenue Refunding Bonds Series 2009	2009	Civic Center Bonds	89,795,000	87,235,000	2037
Lease Revenue Bonds Series 2009A	2009	Port and Rail Improvements	26,830,000	26,830,000	2024
Lease Revenue Bonds Series 2009B	2009	Port and Rail Improvements	20,820,000	15,425,000	2019
			$239,383,655	$250,950,774	

† These bonds were issued as convertible capital appreciation bonds, and no interest is payable until the respective adjusted maturity value is reached on the respective full accretion date. The adjusted maturity value for the Series 2005B-1 Bonds was $75,230,475.75 on the August 1, 2013 full accretion date. The adjusted maturity value for the Series 2005B-2 Bonds will be $127,990,253.80 on the August 1, 2023 full accretion date. See also Note 8–"Long-Term Debt Obligations" in APPENDIX B–"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2015."

Source: City of Richmond, Department of Finance.

In addition to the obligations summarized in Table A-24, the City has outstanding City of Richmond Taxable Limited Obligation Pension Bonds, 1999 Series A (the "Series 1999A Bonds") secured solely by the City's property tax override revenues (the "PTORs"), which are available to pay for pension obligations approved by voters prior to July 1, 1978. The Series 1999A Bonds were issued in the aggregate principal amount of $36,280,000 of which $11,205,000 was outstanding as of June 30, 2015. The City's Taxable Pension Funding Bonds, Series 2005B-1 and Series 2005B-2 (together, the "Series 2005 Bonds") summarized in Table A-24 were issued in the original aggregate principal amount of $114,995,132.50, of which $112,165,649 principal amount remains outstanding (excluding accreted value on the Series 2005B-2 Bonds) and which are payable from available PTORs following payment of the Series 1999A Bonds. To the extent no PTORs are available for the Series 2005 Bonds, they would be payable entirely from the City's General Fund. A minimum of 14% of debt service on the Series 2005 Bonds is payable from the City's General Fund regardless of the availability of PTORs.

Interest Rate Swap Agreements

Set forth below is a summary of the City's swap agreements as of January 27, 2016. Table A-25A summarizes the City's swap agreements prior to issuance of the Series 2016 Bonds. Table A-25B summarizes the City's swap agreements as such will be in effective following issuance of the Series 2016 Bonds prior to issuance of the Bonds and following the execution of the transactions described under "PLAN OF FINANCE." For a summary of the Swap Policy adopted by the City, see "FINANCIAL OPERATIONS–Financial Policies and Practices–*Financial Policies*–Swap Policy."

Table A-25A
Summary of City Interest Rate Swap Agreements[1]

Associated Bonds/Payment Source	Effective Date/ Expiration Date	Initial/Current Notional Amount	Counterparty/ Guarantor	Counterparty/ Guarantor Credit Ratings (Moody's/S&P/Fitch)	Rates		Index	Market Rate/Market Termination Value to City[2]
General Fund:								
City of Richmond Taxable Pension Refunding Bonds Series 2005B-1[3] [	8-1-2013/ 8-1-2023	$75,230,476/ 66,068,745	JPMorgan Chase Co. Bank, N.A.	Aa3/A+/A+	Pay: Receive:	5.712% 100.000%	Fixed 3 mo. LIBOR	1.419%/ ($12,640,000)
City of Richmond Taxable Pension Refunding Bonds Series 2005B-2[3]	8-1-2023/ 8-1-2034	$127,990,254/ 127,990,254	JPMorgan Chase Co. Bank, N.A.	Aa3/A+/A+	Pay: Receive:	5.730% 100.000%	Fixed 3 mo. LIBOR	2.686/ (22,560,000)
Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center) Series 2007	9-19-2007/ 8-1-2037	$101,420,000/ 81,000,000	Royal Bank of Canada	Aa3/AA-/AA	Pay: Receive:	100.000% 68.000 %	SIFMA 1 mo. LIBOR	(8,430,000)
Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center Project) Series 2009[4]	8-1-2019/ 8-1-2037	$77,315,000/ 77,315,000	Royal Bank of Canada	Aa3/AA-/AA	Pay: Receive:	4.800% 80.000%	Fixed 3 mo. LIBOR	1.979/ (20,285,000)
Non-General Fund:								
City of Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A[2]	11-23-2009/ 8-1-2037	$32,260,000/ 32,260,000	Royal Bank of Canada	Aa3/AA-/AA	Pay: Receive:	3.897% 63.420%	Fixed 1 mo. LIBOR	1.467/ (10,835,500)
TOTAL		$414,215,730/ 384,633,999						($74,750,500)

† As of January 27, 2016.

(1) In addition to the swap agreements summarized below, the RCRA Successor Agency entered into a swap agreement with Royal Bank of Canada related to the Richmond Community Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (Merged Project Areas) 2010, in the initial notional amount of $65,400,000. Pursuant to this swap agreement, which became effect on July 12, 2007, the RCRA Successor Agency pays 100% of SIFMA and receives 68.00% of the One Month Libor, and has an expiration date of September 1, 2036.

(2) All values are shown at mid-market from the perspective of the City, except the Richmond JPFA transactions which are shown at their actual January 27, 2016 termination values.

(3) A pro-rata obligation of all City agencies and the General Fund.

(4) In accordance with the Swap Policy, on July 10, 2014, the Authority entered into an agreement (the "2014 Swaption") with the Royal Bank of Canada ("RBC"). Pursuant to the terms of the 2014 Swaption, the City sold a cash-settled option to RBC in order to capture the approximate value of the City's early redemption rights with respect to the Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center Project), Series 2009 without incurring the negative arbitrage costs associated with an advance refunding.

(5) An obligation of the Wastewater Enterprise Fund.

Source: The Majors Group.

Table A-25B
Summary of City Interest Rate Swap Agreements Post-Issuance[1]

Associated Bonds/Payment Source	Effective Date/ Expiration Date	Initial/Current Notional Amount	Counterparty/ Guarantor	Counterparty/ Guarantor Credit Ratings (Moody's/S&P/Fitch)	Rates	Index	Market Rate/Market Termination Value to City[2]
General Fund:							
City of Richmond Taxable Pension Refunding Bonds Series 2005B-1[3]	8-1-2013/ 8-1-2023	$75,230,476/ 66,068,745	Royal Bank of Canada	Aa3/A+/A+	Pay: 5.5795% Receive: 100.000%	Fixed 1 mo. LIBOR	1.259%/ ($11,843,450)
City of Richmond Taxable Pension Refunding Bonds Series 2005B-2[3][4]	8-1-2023/ 8-1-2034	$127,990,254/ 127,990,254	Royal Bank of Canada	Aa3/AA-/AA	Pay: 5.665% Receive: 100.000%	Fixed 1 mo. LIBOR	2.512/ (22,570,000)
Non-General Fund:							
City of Richmond Variable Rate Wastewater Revenue Refunding Bonds, Series 2008A[5]	11-23-2009/ 8-1-2037	$32,260,000/ 32,260,000	Royal Bank of Canada	Aa3/AA-/AA	Pay: 3.897% Receive: 63.420%	Fixed 1 mo. LIBOR	1.468/ (10,221,500)
TOTAL		$235,480,730/2 26,318,999					($44,634,950)

† Expected values as of February 3, 2016 based on market conditions as of January 27, 2016.

(1) In addition to the swap agreements summarized below, the RCRA Successor Agency entered into a swap agreement with Royal Bank of Canada related to the Richmond Community Redevelopment Agency Subordinate Tax Allocation Refunding Bonds (Merged Project Areas) 2010, in the initial notional amount of $65,400,000. Pursuant to this swap agreement, which became effect on July 12, 2007, the RCRA Successor Agency pays 100% of SIFMA and receives 68.00% of the One Month Libor, and has an expiration date of September 1, 2036.

(2) All values are shown at mid-market from the perspective of the City.

(3) A pro-rata obligation of all City agencies and the General Fund.

(4) This interest rate swap is subject to mandatory cash settlement on August 1, 2023.

(5) An obligation of the Wastewater Enterprise Fund.

Source: The Majors Group.

City Overlapping and Bonded Debt

The estimated direct and overlapping bonded debt of the City as of June 30, 2015, is shown in Table A-26 below. The information in Table A-26 has been provided by California Municipal Statistics, Inc. The City has not independently verified the information in Table A-26 and does not guarantee its accuracy.

Table A-26
City of Richmond
Statement of Direct and Overlapping Debt
as of June 30, 2015

2014-15 Assessed Valuation: $11,842,200,772

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/15	% Applicable (1)	City's Share of Debt 6/30/15
Bay Area Rapid Transit District	$630,795,000	2.112%	$ 13,322,390
Contra Costa Community College District	455,860,000	7.409	33,774,667
West Contra Costa Unified School District	996,920,965	48.116	479,678,492
West Contra Costa Healthcare District Parcel Tax Obligations	59,010,000	44.660	26,353,866
East Bay Municipal Utility District, Special District No. 1	10,910,000	0.665	72,552
East Bay Regional Park District	176,790,000	3.242	5,731,532
City of Richmond Community Facilities District No. 1998-1	3,010,000	100.	3,010,000
City of Richmond 1915 Act Bonds	14,010,000	100.	14,010,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			$575,953,499
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	$252,598,977	7.380%	$ 18,641,805
Contra Costa County Pension Obligation Bonds	236,920,000	7.380	17,484,696
Alameda-Contra Costa Transit District Certificates of Participation	24,900,000	6.282	1,557,308
Contra Costa Community College District Certificates of Participation	615,000	7.409	45,565
West Contra Costa Unified School District Certificates of Participation	6,835,000	48.116	3,288,729
City of Richmond General Fund Obligations	**129,490,000**	**100.**	**129,490,000**
City of Richmond Pension Obligation Bonds	**96,874,373**	**100.**	**96,874,373**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$267,382,476	
Less: Contra Costa County general fund obligations supported by revenue funds			7,291,683
City of Richmond obligations supported by port revenues			**42,935,433**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$217,155,360	
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	$90,717,732	100. %	$90,717,732
TOTAL GROSS DIRECT DEBT			**$226,364,373**
TOTAL NET DIRECT DEBT			**$183,428,940**
TOTAL GROSS OVERLAPPING DEBT			$707,689,334
TOTAL NET OVERLAPPING DEBT			$700,397,651
GROSS COMBINED TOTAL DEBT			$934,053,707 (2)
NET COMBINED TOTAL DEBT			$883,826,591

(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 non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:
Total Overlapping Tax and Assessment Debt 4.86%
Gross Total Direct Debt ($226,364,373).....1.91%
Net Total Direct Debt ($183,428,940).....1.55%
Gross Combined Total Debt.....7.89%
Net Combined Total Debt 7.46%

Ratios to Redevelopment Successor Agency Incremental Valuation ($1,799,831,051):
Total Overlapping Tax Increment Debt.....5.04%

Source: California Municipal Statistics, Inc.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Introduction

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

Population

City residents account for approximately 10% of the population of the County. While the period from 1980 to 2000 was characterized by rapid population growth in both the City and the County, the last five years reflect a trend of slower growth. Table A-27 below shows the population of the City, the County and the State according to the U.S. Census for the years 2000 and 2010 and the California Department of Finance for 2010 through 2015.

Table A-27
City, County and State Population Statistics

Year	City of Richmond	Contra Costa County	State of California
2000†	99,216	948,816	33,873,086
2010	103,764	1,047,948	37,223,900
2011	104,382	1,056,306	37,427,946
2012	105,004	1,066,602	37,668,804
2013	105,715	1,076,429	37,984,138
2014	106,388	1,089,219	38,357,121
2015	107,346	1,102,871	38,714,725

† Census 2000 counts include changes from the Count Question Resolution program. Data may not match that published in Census 2000 reports.

Sources: U.S. Census Bureau (2000 and 2010), California Department of Finance, E-1: Population Estimates for Cities, Counties and the State, with Annual Percentage Change - January 1, 2010 through 2015 (May 2015).

Economy

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

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

The City is continuing its efforts to attract developers, builders, manufacturers and commercial activity to all areas of the City. Economic development program efforts are being expanded to increase private sector investment and job creation in the City.

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

On July 29, 2014, the City Council approved certification of the final environmental impact report and applications submitted by Chevron Products Company for a Conditional Use Permit ("CUP") and Design Review Permit ("DRP"), as well as an Environmental and Community Investment Agreement (the "ECIA") to allow an approximately $1.0 billion replacement of the existing hydrogen plant, power plant, and reformer. The equipment is designed to improve the ability of the Refinery to process high-sulfur crude oil, reliability, energy efficiency, and add environmental controls. Pursuant to the ECIA, Chevron will invest $80 million dollars in the City over the next 10 years for community programs, including, but not limited to, competitive community grants, a scholarship program, community-based greenhouse gas reduction programs and a photovoltaic solar farm. Chevron made an initial payment to the City in the amount of $11 million in June 2015. According to the terms of the ECIA, $35 million ($16 million of which was received as of July 2015) will be used to fund "Richmond Promise,") a college scholarship program established by the City Council for students graduating from public, charter, and private high schools located in the West Contra Costa Unified School District, $30 million ($3 million of which was received by June 2015) for community based greenhouse gas reduction programs; and the remaining $25 million will be spent on other community based programs.

On April 8, 2015, the Contra Costa County Superior Court lifted the injunction that halted project construction of this project in 2009. In addition, the Bay Area Air Quality Management District reissued the authority-to-construct permit.

As a result, Chevron has commenced updating its engineering, procurement and construction plans. It is expected that, field construction will restart in mid to late 2016 and be completed within 18 months to two years.

Biotechnology. Biotechnology companies located in the City include Analytical Scientific Instruments (ASI), Bio-Rad, Kaiser Laboratories, Ekso Bionics, Onyx Pharmaceuticals, Sangamo Biosciences, and the State Department of Health.

Bio-Rad, a manufacturer of products for life science research and clinical diagnostics, leases 116,250 square feet of space in Richmond's Pinole Point Business Park near Atlas Road on the Richmond Parkway.

ASI, a manufacturer of medical equipment instruments and components, purchased a building within the City and relocated from neighboring El Sobrante. ASI brought 25 existing employees with them and expects to hire 10 additional employees.

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

Ekso Bionics, originally named Berkeley Bionics, was founded in Berkeley, California in 2005. Ekso, a pioneer in exoskeleton bionic devices that enhance and augment strength mobility and endurance of people with lower extremity paralysis or weakness, relocated to the City in April 2012 with 80 employees. Since inception Ekso Bionics has forged partnerships with world-class institutions like UC Berkeley, received research grants from the Department of Defense and licensed technology to the Lockheed Martin Corporation.

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

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

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

Green and High Technology. Green-technology companies located in the City include SunPower, Polymers Systems, Heliodyne, Alion, PAX Water, Advanced Home Energy, Intellergy and MBA.

SunPower Systems, an international leader in design and manufacturing and distributor of high efficiency solar electric technology; has been operating in the City since 2007. SunPower System occupies 175,000 square feet in the refurbished, historic 520,000 square foot Ford Point Building in the Marina District.

Heliodyne, a leading US manufacturer of solar water heating equipment, has been located in the City since 1976 and occupies 4,298 square feet in the Southern Gateway area of the City off of Interstate-580.

"High tech" light industrial firms, research and development companies, biotechnology, and business park developments are growing industrial sectors in the City. Biotechnology, medical instruments, and computer software in particular are emerging sectors in the City's economy.

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

- The ongoing development and leasing of light industrial/business park property at Hilltop and in the Marina District along Richmond's South Shoreline and the Richmond Parkway;
- Availability of fairly extensive vacant or underutilized land areas zoned for industrial use;
- Relatively lower land costs than elsewhere in the Bay Area;
- Richmond's central location in western Contra Costa County, within a short distance of San Francisco, Oakland, other East Bay cities and Marin County, and a relatively easy commute to the State's capitol, Sacramento;
- Proximity to the University of California at Berkeley, one of the major scientific universities and library systems in the world;
- Good access and transportation (two Interstate freeways Interstate 80 and Interest 580 are located within the city, the Richmond Parkway, Amtrak, the Bay Area Rapid Transit District (BART) System and AC Transit, as well as heavy rail and water transportation facilities, including Union Pacific and BNSF Railroads, Santa Fe western terminal, and the Port of Richmond); and
- Availability of affordable housing in a variety of neighborhoods, housing types and price ranges.

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

Future Development. Completion of the John T. Knox Freeway in the early 1990's (Interstate 580 extension from Interstate 80 at Albany to the Richmond/San Rafael Bridge) spurred new industrial and commercial development along the freeway corridor throughout the South Shoreline area of the City.

Berkeley Global Campus, Richmond Bay: In January 2012, the UC Field Station was selected by the Lawrence Berkeley National Laboratory (LBNL) as the preferred site for the development of its second campus. The original plan was to develop a joint second campus (then known as the Richmond Bay Campus the "RBC") for LBNL and the University of California Berkeley (UCB). In 2013 LBNL lost expected Department of Energy funding in the wake of federal budget sequestration, leaving development plans in limbo. In October 2014, UCB announced plans to develop the more than 130 acres site of approximately 220 acres along Richmond Bay as the "Berkeley Global Campus" (the "BGC"), a new form of international institution of higher education and research. A long range development plan for the BGC (then the RBC) to guide development of up to 5.4 million square feet of research and development facilities and 10,000 employees in phases through 2050 was prepared and a Draft Environmental Impact Report was released in January 2013. On May 15, 2014, a final Environmental Impact Report (the "EIR") was certified and the long range development plan was adopted by the University of California Board of Regents. There is no timeline for construction at this time. The BGC is expected to be the foundation for commercial business, industrial, maritime, and residential growth within the City.

Richmond Bay Specific Plan: The City was awarded a Priority Development Area Planning Grant from the Metropolitan Transportation Commission and the Association of Bay Area Governments to develop the Richmond South Shoreline Specific Plan for an approximately 220-acre area located in the City of Richmond south of Interstate Highway 580 and will focus on ways the City can take advantage of the planned Berkeley Global Campus, Richmond Bay, future ferry service, and other area assets to create a sustainable shoreline district providing jobs, housing, transportation options, and opportunities for entertainment and recreation.

Richmond Ferry: At its March 5, 2015 meeting, the Water Transportation Authority ("WETA") Board of Directors approved a Cooperative Agreement with the Contra Costa Transportation Authority (the "CCTA") and the City for the CCTA to provide an operating subsidy for the proposed Richmond ferry service. The 10-year agreement will serve as the basis of future planning efforts to support and plan the Richmond ferry service. WETA is in the process of securing funding to purchase of two catamaran ferry vessels and construction of a Richmond ferry terminal on Richmond Bay Shoreline, at a cost of approximately $40-45 million. The City was selected for ferry service among other East Bay cities based on ridership projections and operating costs. It is expected that the Richmond ferry service will be fully operational in 2018.

Richmond Parkway. Development along the Richmond Parkway, which links the northern edge of Richmond (Interstate 80 at Hilltop) and the City's southwest corner (Interstate 580) and the Richmond San Rafael Bridge, opened up a large tract of industrially zoned area in the northwest area of the City. Recent and planned development includes:

- Pinole Point Distribution Center – 600,000 SF warehouse and distribution under construction will include; Williams Sonoma, 252,375 SF warehouse with up to 80 employees.
- Ex Steel Scape site seeking entitlements for the development of 700,000 distribution center.
- Whole Foods Distribution Center – 47,000 square foot distribution center with 95 employees.
- Chevron Modernization Project – a $1 billion project to modernize and replace the oldest processing equipment with safer modern technology.
- Restoration Hardware – 200,000 square foot distribution center with 20 employees.
- Blue Apron, Inc. – 100,000 square foot distribution center with 500 plus employees.
- Williams Sonoma, Inc. – 247,908 square foot distribution center with 15 current employees.

As the economy continues to improves, the shoreline area of the City will be in stronger demand for residential and commercial development. As of January 2015, 1,862 new residences and approximately 1,050,000 square feet of new warehouse and distribution capacity was either under construction or going through the entitlement process.

- Terminal #1 300-Unit Residential Community
- Nevin Avenue 289-Unit Affordable Apartments
- Bay Walk 208-Unit Mixed Use Live/Work Marina Way & Wright Avenue
- Hilltop Apartments 186 Units at Garrity Way & Hilltop Mall Road
- Richmond Central Ave Project 166 Affordable Apartments
- Garrity Way Apartments 98 Units
- Greenway Senior Apartments 80 Units (Under Construction)
- Mira Flores 80-Unit Affordable Senior Housing (former Oishi and Endo Nurseries at South 45th & Florida Avenue)
- Shea Homes/Bottoms Project 60-Unit Condominium
- Marina Way Virtual Development 60 Single-Family Homes
- The Point 27 Townhomes (Railroad Ave & E Richmond Avenue)
- Westridge Apartments Modernization and Expansion Aberdeen Way & Lancaster Drive in Hilltop Area
- Life Long Medical Facility Harbor Way South & Bissell Avenue
- Hilltop Charter School
- West Contra Costa Family Justice Center

Employment

Table A-28 provides a listing of principal employers located in the City, as of Fiscal Year 2014-15.

Table A-28
Principal Employers in the City
Fiscal Year 2014-15

Employer Name	Product/Service	Estimated Number of Employees
Chevron	Oil Refinery/Research Facility	3,517
West Contra Costa Unified School District	Education	1,580
Social Security Administration	Governmental Services	1,259
U.S. Postal Service	Governmental Services	1,047
Contra Costa County	Governmental Services	844
City of Richmond	Governmental Services	803
The Permanente Medical Group	Healthcare Services	698
Kaiser Foundation Hospitals	Healthcare Services	506
Bio-RAD Laboratories	Analytical Instruments Manufacturing	473
Michael Stead Auto Depot & Sales	New and Used Auto Dealer	472

Source: City of Richmond.

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The State Employment Development Department release of November 2015 (preliminary) data indicates that the unemployment rate in the City was 5.3%. The following Table A-29 compares estimates of the labor force, civilian employment and unemployment for the City, County, State and United States from 2009 through 2014.

Table A-29
Civilian Labor Force, Employment and Unemployment
Annual Average for Years 2009 through 2014†

Year and Area	Labor Force	Civilian Employment	Unemployment	Unemployment Rate
2014†				
City	53,300	49,500	3,800	7.1%
County	544,900	511,400	33,500	6.1
State	18,811,400	17,397,100	1,414,300	7.5
United States	155,922,000	146,305,000	9,617,000	6.2
2013				
City	53,900	47,400	6,500	12.1
County	538,900	499,100	39,800	7.4
State	18,596,800	16,933,300	1,663,500	8.9
United States	155,389,000	143,929,000	11,460,000	7.4
2012				
City	54,200	46,300	7,900	14.6
County	535,800	487,600	48,200	9.0
State	18,494,900	16,560,300	1,934,500	10.5
United States	154,975,000	142,469,000	12,506,000	8.1
2011				
City	54,000	45,000	9,000	16.7
County	528,900	473,900	55,000	10.4
State	18,404,500	16,237,300	2,167,200	11.8
United States	153,617,000	139,869,000	13,747,000	8.9
2010				
City	53,600	44,000	9,600	17.9
County	522,200	463,500	58,700	11.2
State	18,176,200	15,916,300	2,259,900	12.4
United States	153,889,000	139,064,000	14,825,000	9.6
2009				
City	53,700	44,800	8,900	16.6
County	526,000	471,700	54,300	10.3
State	18,204,200	16,141,500	2,062,700	11.3
United States	154,142,000	139,877,000	14,265,000	9.3

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

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

Personal Income

The United Department of Commerce, Bureau of Economic Analysis (the "BEA") produces economic accounts statistics that enable government and business decision-makers, researchers, and the public to follow and understand the performance of the national economy.

The BEA defines "personal income" as income received by persons from all sources, including income received from participation in production as well as from government and business transfer payments. Personal income represents the sum of compensation of employees (received), supplements to wages and salaries, proprietors' income with inventory valuation adjustment (IVA) and capital consumption adjustment (CCAdj), rental income of persons with CCAdj, personal income receipts on assets, and personal current transfer receipts, less contributions for government social insurance. Per capita personal income is calculated as the personal income divided by the resident population based upon the Census Bureau's annual midyear population estimates.

Table A-30 presents the latest available total personal income and per capita personal income for the City, the County, the State and the nation for the calendar years 2009 through 2014 (the most recent annual data available).

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Table A-30
City of Richmond, Contra Costa County, State of California and United States
Total Personal Income
Calendar Years 2009 Through 2014†

Year and Area	Total Personal Income (thousands of dollars)	Per Capita Personal Income (dollars)
2014†		
City	N/A	N/A
County	$70,849	$63,752
State	1,939,528	49,985
United States	14,863,147	46,049
2013		
City	2,719	25,614
County	69,376	63,403
State	1,856,614	48,434
United States	14,151,427	44,765
2012		
City	2,616	24,781
County	67,728	60,885
State	1,805,194	47,505
United States	13,873,161	44,200
2011		
City	2,541	24,225
County	62,693	58,816
State	1,685,635	44,749
United States	13,189,935	42,332
2010		
City	2,533	23,881
County	58,023	55,118
State	1,578,553	42,282
United States	12,417,659	40,144
2009		
City	2,580	24,213
County	56,636	54,568
State	1,537,095	41,587
United States	12,080,223	39,379

† 2014 data for the City is not yet available.
Sources: U.S. Department of Commerce, Bureau of Economic Analysis and HDL Coren & Cone for City data.

Living Wage Ordinance

In 2014, the City adopted a Minimum Wage Ordinance requiring that beginning January 1, 2015 (subject to certain exceptions), employees working within the geographic boundaries of the City be paid an hourly rate equal to $9.60, subject to a reduction equal to $1.50 per hour if the employer pays at least that amount per hour per employee towards an employee medical benefit plan. Thereafter, the minimum wage within the City will increase each January 1 until reach $13.00 per hour effective January 1, 2018. Beginning January 1, 2019, and each year thereafter, the City Minimum Wage will increase by the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose, California Metropolitan Statistical Area, or any successor index published by the U.S. Department of Labor or its successor agency.

Construction Activity

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

Table A-31
City of Richmond
Building Permit Valuations
Calendar Years 2010 through 2014
($ in 000's)

	Residential							
	Single Family		Multifamily		Value of Alterations	Total Residential	Nonresidential	
Year	Units	Valuation	Units	Valuation	and Additions	Valuation	Valuation	Total†
2010	70	$24,271	49	$3,826	$12,859	$40,955	$37,915	$78,870
2011	1	457	0	0	11,838	12,295	62,996	75,291
2012	17	3,841	27	8,156	5,876	17,873	31,813	49,686
2013	2	650	0	0	9,917	10,567	59,349	69,916
2014	6	1,106	56	8,810	10,833	20,749	75,486	96,235

† Total represents the sum of residential and nonresidential building permit valuations. Data may not total due to independent rounding.

Source: California Homebuilding Foundation/Construction Industry Research Board.

Community Facilities

Richmond area residents have access to modern health care facilities. The Richmond area has one general hospital, the Kaiser Hospital Facility, located in downtown Richmond. Richmond also has several convalescent hospitals. The Richmond area offers a variety of leisure, recreational and cultural resources, from boating, fishing and hiking, to live theater, golf, tennis and team athletics. Four regional parks are on the shoreline: Point Pinole, George Miller Jr./John T. Knox, Ferry Point and Point Isabel. The City operates a public marina (775 boat berths at Marina Bay), four large community parks (Point Molate Beach Park, Hilltop Lakeshore Park, Nicholl Park, and Marina Park and Green), 25 neighborhood parks ranging in size from one to 22 acres, many play lots and mini parks, and seven community centers.

In addition, the City operates a disabled person's recreation center, a sports facility, two senior centers (Richmond Senior Center and Richmond Annex Senior Center), the Richmond Museum, the Richmond Municipal Auditorium, the Richmond Swim Center, the Richmond Plunge/Natatorium, Coach Randolf Pool, the Washington Fieldhouse, the Veterans Memorial Auditorium, and the Richmond Public

Library. The Richmond Art Center, a privately funded arts organization, is partly supported by the City of Richmond. Currently, only four of the City's recreation centers are operational.

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

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

Transportation

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

Freeways. Existing and new highways have made travel to and through the City more efficient and convenient. Interstate 80, which passes through the City, is a direct route to Oakland, San Francisco, Vallejo, Fairfield and Sacramento. Interstate 580 provides continuous freeway access from Richmond's South Shoreline area to East Bay communities and to Marin County and is stimulating new commercial, industrial and residential development along Richmond's South Shoreline. Similarly, completion of the Richmond Parkway through North Richmond in 1996 improves vehicular access between Marin and communities to the north and east on Interstate 80, while opening major tracts of land along the City's north shoreline for new development.

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

The Port of Richmond contains seven City-owned terminals, five dry-docks and 11 privately owned terminals. Private terminals are responsible for almost 95% of the Port's annual tonnage. On-dock rail service is provided to many port terminals by the Burlington Northern Santa Fe ("BNSF") and the Union Pacific Southern Pacific railroads. The Port, together with the BNSF operations, serve as a highly developed international rail facility. The John T. Knox Freeway has enhanced truck access to the Port.

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

Regional Airports. Oakland International Airport (approximately 18 miles from the City) and San Francisco International Airport (approximately 28 miles from the City) provide the City with world-wide passenger and freight service. In addition, Buchanan Field Airport, located in the City of Concord,

in central Contra Costa County, is 25 miles to the east of the City and Byron Airport, located in the unincorporated community of Byron, also in central Contra Costa County, each provide general aviation services.

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

Utilities

Utility services to the City are supplied by the following:

Electric power:	Pacific Gas & Electric Co. ("PG&E")
Natural gas:	PG&E
Telephone:	AT&T
Water:	East Bay Municipal Utility District ("EBMUD")
Sewer:	West Contra Costa Sanitary District, Richmond Municipal Sewer District, and Stege Sanitary District

Approximately 89% of the EBMUD water supply is from the Mokelumne River watershed stored at the 69.4 billion gallon capacity Pardee Dam in Ione, California. EBMUD is entitled to 325 million gallons per day under a contract with the State Water Resources Control Board, plus an additional 119 million gallons per day in a single dry year under a contract with the U.S. Water and Power Resources Service (formerly the U.S. Bureau of Reclamation).

On June 19, 2012, the City Council voted to join the Marin Energy Authority ("MCE"), a nonprofit energy provider that derives a minimum of 50% of its electricity from renewable sources.

Effective July 1, 2013, all City residents and businesses were automatically enrolled in the Green Light package offered by the Marin Clean Energy Community Choice Aggregation program unless they opted out of the program between April and June 2013. Although power is still be transmitted through existing PG&E lines, half of it comes from solar, wind, hydroelectric, and biogas (natural gas extracted from sewage systems or landfills rather than fossil fuels). City residents still receive their bills from PG&E.

MCE also offers customers the option of enrolling in the Deep Green package, which supplies 100% of electricity from renewable sources at rate increase of approximately one cent per kilowatt hour.

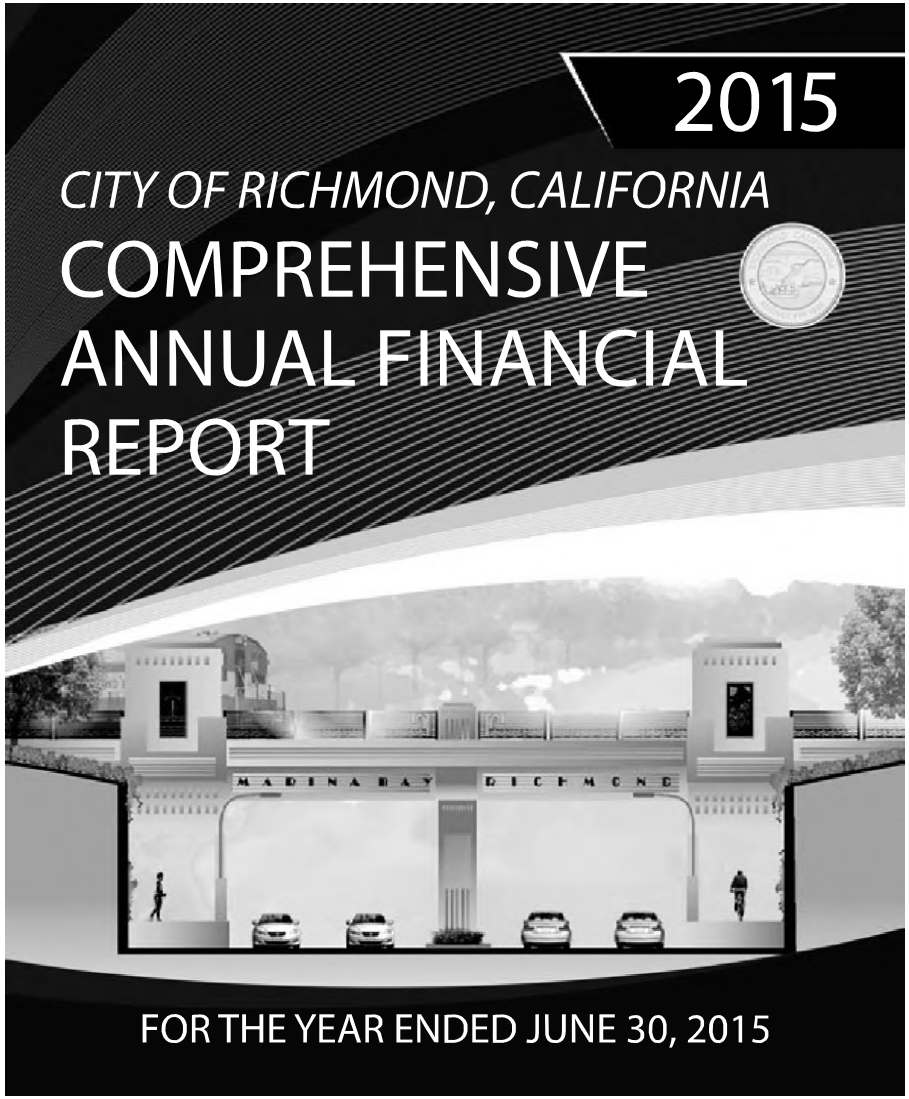
Education

The City comprises a portion of the attendance area of the West Contra Costa Unified School District, which comprises 36 elementary schools (18 of which are located in the City), seven middle and junior high schools, and eight senior high schools (four of which are located in the City), three continuation and alternative high schools, and five charter schools, college preparatory and community day and had total K-12 enrollment of approximately 30,720 students for Fiscal Year 2014-15. In addition, private schools operate in the City and several institutions of higher education are located near the City, including the University of California at Berkeley, Contra Costa College, Diablo Valley College, Los Medanos College, the California Maritime Academy, California State University – East Bay, San Francisco State University, and the University of California at San Francisco.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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City of Richmond
California

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

Prepared by the Finance Department

Belinda Warner
Finance Director/Treasurer

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CITY OF RICHMOND
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

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FINANCE DEPARTMENT

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

December 30, 2015

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, 2015, 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'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, 2015, 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, 2015. 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 they are legally separate from the City. Each blended component unit has a June 30 year-end. The City's sole discretely presented component unit is RHA Properties and also has a June 30 year-end. Please see note 1 for a detailed discussion of the financial reporting entity.

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

Profile of the Government

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

Richmond's population is 106,388. 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 University of California's plans to create a "global campus" at the Richmond Field Station site;
- The ongoing development and leasing of light industrial/business park property at Hilltop and along the I-580 freeway on 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 a ferry service is scheduled to begin in 2018; and
- Availability of relatively affordable housing for employees in a variety of neighborhoods, housing types and price ranges.

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, 2015 include the following:

Finance

- Voters passed a Measure U one-half cent sales tax that will maintain and enhance essential city services, such as public safety, public health and wellness programs, city youth programs and street paving. The sales tax took effect April 1, 2015.

Public Works

- City of Richmond and Pogo Park Cited for 'Outstanding Model of Community-Based Planning'. The manager of the Office of Grants and Local Services for the Parks Department, cited the renovation of Richmond's Elm Playlot and the planning of the new Unity Park on the Richmond Greenway as among "the most innovative best practices by local agencies and nonprofit organizations."

Office of Neighborhood Safety (ONS)

- The ONS and its Peacemaker Fellowship was profiled by London Published British National Newspaper "The Independent" for its innovative approach towards reducing firearm assaults and associated injury. The efforts of the ONS continue to attract positive attention and inform the field of violence intervention and interruption through the development and implementation of promising practices.

- The ONS Street Outreach and Peacemaker Fellowship work was profiled on an episode of *This American Life* Public Radio Show. The ONS has received national and international recognition for its innovative approach towards reducing firearm assaults and associated injury in Richmond since 2008. The efforts of the ONS and its Fellows continue to attract positive attention and inform the field of violence intervention and interruption through the development and implementation of promising practices.

Library

- LEAP celebrated 30 years of service on September 21, 2014.

Economic & Neighborhood Development

- The Employment & Training Department's RichmondBUILD was awarded a $60,000 Grant from the Y.H. Soda Foundation to support essential case management and follow up services for all RichmondBUILD participants, and help to enhance the math preparation required by various crafts of the building trades. The grant is also intended to assist with developing project-specific customized training modules like solar installation, lighting retro-fit, and energy efficiency. This grant award marks the third year in a row that Y.H. Soda Foundation has provided funding and support for the RichmondBUILD program.

- The Officer Bradley A. Moody Memorial underpass project is nearly completed with a ribbon cutting ceremony held on December 17, 2015.

Public Safety

- The Family Justice Center held its grand opening on June 4, 2015. The center will provide advocacy, Peer Counseling, Emotional Support, Assistance with emergency shelter, Law enforcement assistance, Safety Planning, Court accompaniment and support, Victims of Crime Compensation Program, Civil Legal assistance and Access to counseling and mental health services.

- The Richmond Police Department was honored to be asked by the White House to select one of its officers to join five other police officers from around the nation to meet with President Obama in the Oval Office. The President wanted to discuss best practices for engaging police departments with their communities, and Richmond was identified as a city where the relationship between officers and residents is strong.

Strategic Support

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ending June 30, 2014.

- Received the Achievement of Excellence in Procurement (AEP) Award from the National Purchasing Institute.

- Received the Distinguished Budget Presentation Award for fiscal year 2014-15 from the Government Finance Officers Association (GFOA).

- Received the California Society of Municipal Finance Officers (CSMFO) Excellence Award in Operating and Capital Budgets for the fiscal year ending June 30, 2015.

Long-Term Financial Plan

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

- As part of its effort to address unfunded OPEB liabilities, the City Council, in December 2014, adopted a policy to place into its OPEB trust an amount equal to one-half of any one-time, non-operating revenues, and one-half of any year-end surplus in excess of the City's unfunded liability for retired employee health costs.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,

Belinda Warner
Finance Director/Treasurer

City of Richmond
FY2015-16 & 2016-17 Organizational Chart

CITY OFFICIALS

JUNE 30, 2015

CITY COUNCIL

Mayor	Tom Butt
Vice Mayor	Jael Myrick
Councilmember	Gayle McLaughlin
Councilmember	Nathaniel Bates
Councilmember	Jovanka Beckles
Councilmember	Vinay Pimple
Councilmember	Eduardo Martinez

ADMINISTRATION AND DEPARTMENT HEADS

City Manager	Bill Lindsay
Capital Improvement Director	Chad Smalley
City Attorney	Bruce Goodmiller
City Clerk	Pamela Christian
Community Services Director	Devone Boggan
Employment & Training Director	Sal Vaca
Finance Director/Treasurer	Belinda Warner
Fire Chief	Adrian Sheppard
Housing Director	James Goins
Human Resources Director	Lisa Stephenson
Information Technology Director	Sue Hartman
Library and Cultural Services Director	Katy Curl
Planning Director	Richard Mitchell
Police Chief	Christopher Magnus
Port Director	Jim Matzorkis
Public Housing Director	Tim Jones
Public Works Director	Yader Bermudez
Utilities Director	Chad Davisson

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Richmond
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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MAZE & ASSOCIATES

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 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which 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 did not audit the component unit financial statements of RHA Properties, which represents 0.38%, 0.00% and 0.00% of the assets, net position and revenues, respectively, of the primary government. We did not audit the component unit financial statements of the Richmond Housing Authority (Authority), which is both a major fund and 20.25%, 59.02% and 43.61% of the assets, net position and revenues, respectively, of the business-type activities. These component unit financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the report of these other auditors.

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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

General Fund Cash and Fund Balance and Other Fund 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, 2015, the General Fund's unrestricted cash balance represented less than twenty days of General Fund expenditures, unassigned fund balance represents available fund balance and equates to approximately twenty-seven days of General Fund expenditures, and revenues in fiscal year 2015 exceeded expenditures by $1.1 million. 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 $37.1 million from the General Fund and other funds. As a result of the interfund borrowing, City-wide, the City has a total of only $49.4 million of unrestricted cash as of June 30, 2015, a decline of 35% over the last five fiscal years. Although the trends were an improvement over the prior fiscal year, the City continues to issue Tax Revenue Anticipation Notes to supplement cash temporarily during the fiscal year. In fiscal year 2014-2015, the City entered into a swaption agreement to receive loan proceeds to provide funding for two years of debt service on the 2009 Civic Center Lease Revenue Bonds. If deficit spending continues, 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.

Implementation of New Governmental Accounting Standards Board Pronouncements and Other Restatements

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 and required the restatement of net position, as discussed in Notes 10F, 11 and 12 to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

The City also restated certain receivables and unavailable revenues in Governmental Funds as discussed in Note 10F.

The emphasis of these matters 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 as a whole. 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 December 30, 2015, 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.

Maze & Associates

Pleasant Hill, California
December 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Fiscal Year Ended June 30, 2015

Management of the City of Richmond (the "City") provides this Management's Discussion and Analysis of the City's Basic Financial Statements for readers of the City's financial statements. This narrative overview and analysis of the financial activities of the City is for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 27.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $141.3 million (net position). Of this amount, $64 million is restricted for specific purposes (restricted net position), $293.1 million is the net investment in capital assets and $498.4 million represents a deficit in unrestricted net position.

- During fiscal year 2014-15, the City implemented GASB Statements No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* These new pension accounting standards respond to public interest about government pensions and provide new transparency about the City's considerable pension obligations and their funding progress. Governmental Activities net position was restated by $321.6 million and Business-Type Activities net position was restated by $13 million changing the City's total net position at July 1, 2014 from $209.7 million to a deficit $124.9 million and unrestricted net position from a deficit $152.1 million to a deficit $489.7 million. The majority of the restatement is due to a $337.4 million reduction to beginning net position to record the City's new net pension liability and related deferred outflows of resources for pension contributions made during the prior year in accordance with the new pension accounting standards. Additionally, governmental activities net position was increased by a net $2.8 million due to adjustments made to various receivable balances. These restatements are fully discussed in Note 10F.

- After restatement, the City's total net position decreased by $16.4 million to a deficit $141.3 million during the fiscal year. This decrease is primarily attributed to a $15.8 million decrease in net position for governmental activities, a $4.9 million improvement from prior year. Expenses declined $11.8 million from prior year primarily in the City's General Government and Public Works expenses. Revenues also declined by a net $6.9 million due to reductions in capital and operating grants that were offset by increases in general tax revenues. Unrestricted deficit net position for governmental and business-type activities decreased by $11.7 million to a deficit $498.4 million. Restricted net position for governmental and business-type activities increased by a net $3.7 million to $64 million.

- The new Net Pension Liability of $209.3 million, representing an accounting measure of the City's unfunded pension obligations, is presented as a new liability on the Statement of Net Position at June 30, 2015.

- The City reports $39.1 million in other post-employment benefit (OPEB) obligations for this fiscal year which is an increase of $8.2 million from the $30.9 million liability reported in the prior year. The increase represents the current year change in net OPEB obligation and was the result of actuarially required contributions exceeding actual contributions.

- As of July 1, 2014, the City's governmental funds combined fund balances were restated $2.3 million to $53.8 million due to prior year adjustments to receivable balances in the Cost Recovery and Community Development and Loan Programs Funds. At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $60.4 million, an increase of $6.5 million from prior year restated ending fund balance of $53.8 million. The increase is primarily attributed to an $8.5 million combined surplus in General Fund, Cost Recovery, Developer Impact Fees and the Civic Center Debt Service Fund. The ending fund balance includes $18.7 million of nonspendable resources, $41 million of resources restricted for a specific purpose, $454 thousand of assigned resources and $194 thousand of unassigned resources. This $194 thousand surplus is a net result of a positive $9.9 million balance in General Fund and $9.8 million in deficits occurring in Cost Recovery and other governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements:

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

The *Statement of Net Position* presents information on all of the City's assets plus deferred outflows of resources less 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 and Changes in Net Position* 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include the activities of the City and 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.

Governmental Activities **-** The activities in this section are mostly supported by taxes and charges for services. The governmental activities of the City include General Government, Public Safety, Public Works, Community Development, Cultural and Recreational, and Housing and Redevelopment.

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

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

The government-wide financial statements can be found on pages 27-29 of the financial report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for 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 this comparison between governmental funds and governmental activities.

The City has 19 governmental funds, of which four 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 four major funds are the General Fund, Cost Recovery Special Revenue Fund, the Community Development and Loan Programs Special Revenue Fund and Environmental and Community Investment Agreement Special Revenue Fund ("ECIA") Special Revenue Fund. The basic governmental fund financial statements can be found on pages 32 through 35 of the financial report. Data from the other fifteen governmental funds are combined into a single, aggregated presentation and separately on pages 180 through 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 major enterprise funds consist of the Richmond Housing Authority, Port of Richmond and Municipal Sewer. Enterprise funds financial statements can be found on pages 38 through 40 of the financial report.

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

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

Notes to the Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 through 160 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report also includes certain required supplementary information providing budgetary comparison statements for the General Fund, the Cost Recovery Special Revenue Fund, the Community Development and Loan Programs Special Revenue Fund and ECIA Special Revenue Fund. Additionally, pension and other postemployment healthcare schedules have been provided for new transparency, valuations and disclosures to provide information about the City's pension obligations and funding progress to comply with new pension standards. Required supplementary information can be found on pages 162 through 176 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position:

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. As of July 1, 2014, the City restated governmental and business-type activities by $321.6 million and $13 million, respectively, thereby reducing it to a deficit $191.5 million and positive $66.6 million, respectively. The City's total net position restatement of $334.6 million was the net result of $337.4 million to record the City's net pension liability and related deferred outflows of resources for pension contributions made during the prior year in accordance with GASB Statements No. 68 *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* of which, $324.4 million and $13 million affected governmental and business-type activities, respectively. Additionally, the City recorded a net $2.8 million restatement to governmental activities to adjust various receivable balances as discussed in Note 10F. After restatement, the City's combined net deficit (government and business-type activities) totaled $124.9 million. The City's net position decreased by $16.4 million during the current fiscal year to a deficit $141.3 million. This is a net result of governmental activities decrease of $15.8 million and a $702 thousand decrease in business-type activities.

The largest portion of the City's net position is invested in capital assets (e.g. land, streets, sewers, buildings, machinery, and equipment). Investment in capital assets totaled $293.1 million, representing an $8.4 million decrease from the prior year. Investment in capital assets is net of the outstanding debt that was incurred to acquire the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position represents resources that are subject to external restrictions on how they may be used. As of June 30, 2015, the City's restricted net position increased $3.7 million primarily due to reductions in governmental activities resources available to fund housing and redevelopment activities.

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. After the net $334.6 million in restatements discussed above changed the City's combined (government and business-type activities) unrestricted deficit from $152.1 million to $486.7 million, the unrestricted deficit increased by $11.7 million to a deficit $498.4 million at the close of the fiscal year ending June 30, 2015. This increase is the net result of $9.4 million and $2.3 million increase in governmental and business-type activities, respectively.

City of Richmond's Net Position
June 30, 2015 and 2014
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2015	FY2014(A)	FY2015	FY2014(A)	FY2015	FY2014(A)
Assets:						
Current assets	$ 128,276	$ 222,767	$ 31,095	$ 44,152	$ 159,371	$ 266,919
Capital assets	308,358	309,977	189,803	180,786	498,161	490,763
Total assets	436,634	532,744	220,898	224,938	657,532	757,682
Deferred Outflows of Resources:						
Deferred outflows related to pensions	17,607		800		18,407	-
Deferred charge on refunding		-	5,827	6,193	5,827	6,193
Total Deferred Outflows of Resources	17,607	-	6,627	6,193	24,234	6,193
Liabilities:						
Current liabilities	88,538	94,741	20,581	19,340	109,119	114,081
Long-term liabilities	522,578	307,874	138,092	132,183	660,670	440,057
Total liabilities	611,116	402,615	158,673	151,523	769,789	554,138
Deferred Inflows of Resources:						
Deferred inflows related to pensions	50,362		2,954		53,316	-
Total Deferred Inflows of Resources	50,362	-	2,954	-	53,316	-
Net Position:						
Net investment in capital assets	218,145	228,628	74,922	72,911	293,067	301,539
Restricted	54,579	50,462	9,408	9,794	63,987	60,256
Unrestricted	(479,961)	(148,961)	(18,432)	(3,097)	(498,393)	(152,058)
Total net position	$(207,237)	$ 130,129	$ 65,898	$ 79,608	$(141,339)	$ 209,737

(A) Fiscal year 2014 balances are presented as originally reported in last year's financial statement because all information required to restate prior year amounts is not readily available.

Analysis of 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, 2015 and 2014
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	FY2015	FY2014(A)	FY2015	FY2014(A)	FY2015	FY2014(A)
Revenues:						
Program revenues:						
Charges for services	$ 27,044	$ 28,285	$ 34,141	$ 34,965	$ 61,185	$ 63,250
Operating grants/contributions	9,231	8,434	22,112	21,953	31,343	30,387
Capital grants/contributions	21,097	34,531	2,190	1,673	23,287	36,204
General revenues:						
Property taxes-current collections	45,129	42,227			45,129	42,227
Sales taxes	33,155	29,628			33,155	29,628
Utility user taxes	48,300	48,034			48,300	48,034
Documentary transfer taxes	4,819	3,461			4,819	3,461
Other taxes	5,100	3,592			5,100	3,592
Use of money and property	(4,752)	(1,165)	(563)	(185)	(5,315)	(1,350)
Unrestricted intergovernmental	1,807	-			1,807	-
Pension stabilization revenue	954	999			954	999
Other	2,151	3,230			2,151	3,230
Gain on sale of capital assets	269	175			269	175
Total revenues	194,304	201,431	57,880	58,406	252,184	259,837
Expenses:						
General government	28,879	36,119			28,879	36,119
Public safety	102,733	102,665			102,733	102,665
Public works	43,364	46,404			43,364	46,404
Community development	4,772	4,618			4,772	4,618
Cultural & recreation	10,492	10,809			10,492	10,809
Housing & redevelopment	2,751	1,985			2,751	1,985
Interest and fiscal charges	17,220	19,439			17,220	19,439
Richmond Housing Authority			28,049	29,771	28,049	29,771
Port of Richmond			9,923	9,531	9,923	9,531
Richmond Marina			235	253	235	253
Municipal Sewer			15,966	16,298	15,966	16,298
Storm Sewer			3,282	3,211	3,282	3,211
Cable TV			948	891	948	891
Total expenses	210,211	222,039	58,403	59,955	268,614	281,994
Excess (Deficiency) of Revenues Over (Under) Expenses	(15,907)	(20,608)	(523)	(1,549)	(16,430)	(22,157)
Extraordinary item				1,360	-	1,360
Transfers	179		(179)		-	-
Changes in Net Position	(15,728)	(20,608)	(702)	(189)	(16,430)	(20,797)
Net position at beginning of year, as restated	(191,509)	150,737	66,600	79,797	(124,909)	230,534
Net position at end of year	$ (207,237)	$ 130,129	$ 65,898	$ 79,608	$(141,339)	$ 209,737

(A) Fiscal Year 2014 balances are presented as originally reported in last year's financial statements because all information required to restate prior year amounts is not readily available.

Governmental Activities:

Governmental activities decreased the City's net position by $15.8 million accounting for 96 percent of the City's total decrease in net position of $16.4 million. Total expenses of $210.2 million exceeded total revenues of $194.3 million by $15.9 million. Current year revenues of $194.3 million reflect a $7.1 million decrease and current year expenses of $210.2 million reflect an $11.8 million decrease from the prior year resulting in a net increase in the change in net position of $4.7 million. A comparison of the cost of services by function for the City's governmental activities is shown in the preceding table, along with the revenues used to cover the net expenses of the governmental activities.

Key elements of the change in net position for governmental activities are as follows:

Revenues and Transfers Highlights:

- Capital grants of $21.1 million represent a decrease of $13.4 million, or 39 percent. The bulk of this decrease is primarily due to decreases in capital contributions of infrastructure projects from the Successor Agency.

- Charges for services of $27 million decreased $1.3 million, or 4.6 percent, from prior year due to a decrease in planning projects for a major corporation.

- The use of money and property declined $3.6 million from the prior year. The bulk of this decrease was due to a $3.5 million change in the fair value liability of derivative investments resulting from the City entering into a swaption to effect a refund of the JPFA Civic Center Project Lease Revenue Bonds.

- Sales tax increased $3.6 million, or 12 percent, in the current year to $33.2 million primarily due to the collection of Measure U sales taxes approved by the voters during the fiscal year. Collections of the tax began in April 2015.

- Property taxes (current collections) in the current year were $45.1 million, an increase of $2.9 million, or approximately 7 percent from prior year receipts. This increase coincides with the City's 8.7% growth in assessed valuation.

- Intergovernmental revenues increased $1.8 million due to receipts related to the prior dissolution of the Successor Agency.

- Other taxes increased $1.5 million, or 42 percent from the prior year primarily in garbage and gas taxes.

Expense Highlights:

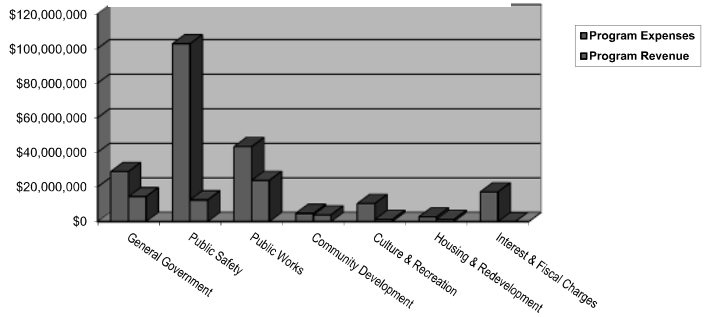
- Expenses of $210.2 million reflect an $11.8 million, or approximately 5 percent, decrease from the prior year. The elements representing the $11.8 million decrease in expenses are discussed below.

- General Government expenses decreased $7.2 million, or 20% and Public Works expenses decreased $3 million, or 7% primarily attributed to reductions in various professional services and other expenses that offset any increases in salaries and benefits as approved in the City's Memorandum of Understanding ("MOU") with various labor groups.

- Interest on long-term debt decreased $2.2 million, or 11% primarily due to decreased interest accretion related to the 2005 Series Pension Obligation Bonds and interest payable.

Expenses and Program Revenues

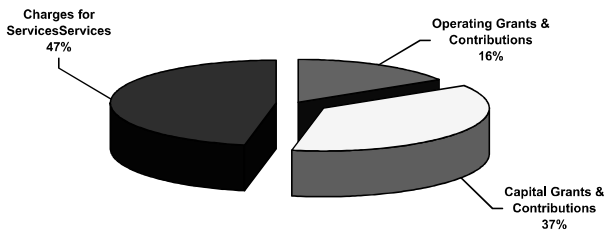
Governmental Activities



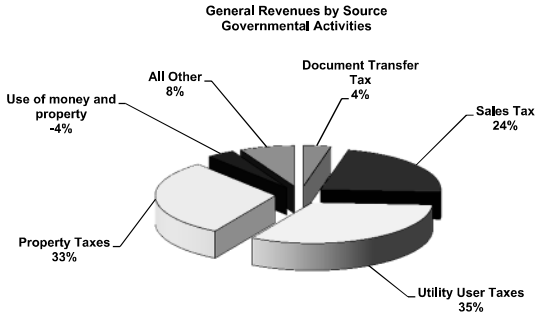
Total governmental activities expenses were $210.2 million in fiscal year 2015. The largest expenses, in descending order, were for Public Safety, Public Works, General Government, Interest on Long Term Debt, Cultural and Recreation, Community Development and Housing and Redevelopment. These expenses do not include capital outlays, which are reflected in the City's capital assets.

Program Revenue by Source

Governmental Activities



Total program revenues from governmental activities were $57.4 million in fiscal year 2015. Program revenues are derived directly from the program itself or from parties outside the reporting government's taxpayers or citizenry. They reduce the net cost of the function to be financed from the government's general revenues. As reflected in the pie chart above, 47 percent of the governmental program revenues came from Charges for Services, which includes licenses and permits and fees, fines, forfeitures and penalties, and several other revenues. The remaining 53 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.



General revenues are all other revenues not categorized as program revenues and include property taxes, sales taxes, utility users' tax, documentary transfer taxes, investment earnings, grants and contributions not related to specific programs and other miscellaneous general revenues. Total general revenues and transfers from governmental activities were $137.1 million in fiscal year 2015. The three largest components of general revenues received during fiscal year 2015 for governmental activities were Utility User Taxes of $48.3 million, Property Taxes-current collections of $45.1 million, and Sales Taxes of $33.2 million. The percentage breakdown of the remaining $10.5 million of General Revenues is presented in the chart above.

Business Type Activities: Business-type activities decreased the City's net position by $702 thousand. Key factors contributing to the decrease in business-type activities are as follows:

- The Richmond Housing Authority's ("RHA") net position decreased by $2.8 million. RHA's operating loss of $26.1 million declined $1 million, or 4 percent from prior year due to decreases in maintenance and salaries and benefits. The $26.1 million operating loss is offset by $22.2 million in grants and interest income, $1.1 million capital contribution resulting in the $2.8 million negative change in net position.

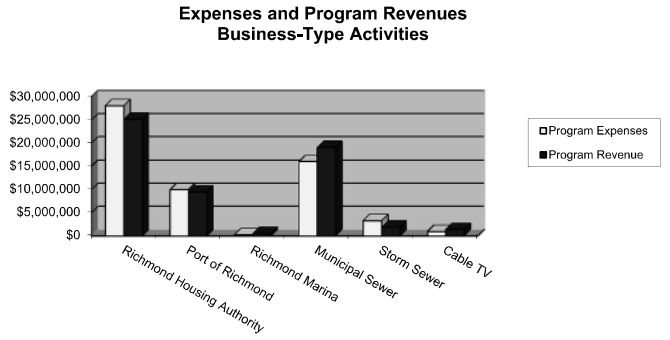
- The Port of Richmond ("Port") reported total operating revenues of $9.5 million and total operating expenses of $6.9 million resulting in operating income of $2.6 million. During the year, the Port incurred $3.1 million of interest expenses and a $422 thousand transfer in from the General Fund for the 2009A and 2009B Point Potrero Lease Revenue Bonds debt service which resulted in a $58 thousand increase in net position.

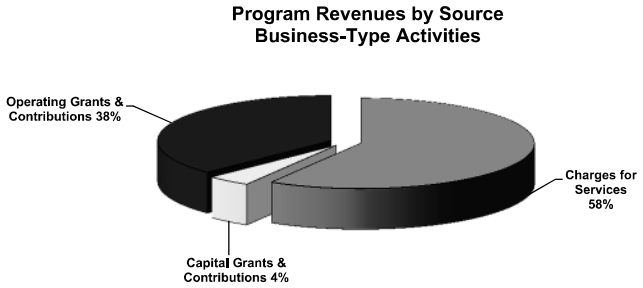
- The Storm Sewer fund reported a $1.1 million decrease in its net position from the prior year. The decrease is primarily attributed to operating expenses of $3.2 million exceeding revenues of $1.8 million resulting in a $1.4 million operating loss which is a $95 thousand increase from prior year. The City is continuing to explore additional revenue sources to address the recurring issue of insufficient operating funds faced over the past few years.

- The Cable TV fund reported a $70 thousand change in net position as expenses and transfers out exceeded revenues as the result of a one-time $500,000 transfer to the General Fund.

- The Municipal Sewer fund reported an increase of $3.1 million in its net position from the prior year. Although the Municipal Sewer reported operating income of approximately $7.9 million, up $672 thousand, or 9 percent, from prior year, there were $5.6 million of non-operating expenses the majority of which represented interest and swap expenses incurred on various Wastewater Debt issues offset by $800 thousand in federal subsidies received to reduce interest costs associated with Richmond Wastewater Revenue Bonds, Series 10B resulting in a $3.1 million change in net position.

- The Richmond Marina fund's net position increased $163 thousand from the prior year mainly attributed to lease income from berthing rentals exceeding operating costs and debt service expenses associated with California Department of Boating and Waterways loans.





FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds:

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

Fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The objective is to enhance the usefulness of fund balance information by providing clearer fund balance categories and classifications that can be more consistently applied and understood: nonspendable, restricted, committed, assigned and unassigned. The contingency reserve is shown as a component of unassigned fund balance. The fund balance note disclosures also give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. In particular, assigned and unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The fund balance for the City's governmental funds was restated by a net $2.3 million to $53.8 million as of July 1, 2014. The restatements included $1.7 million to adjust Cost Recovery fund for a duplicate accrual and $2.3 million and $1.8 million adjustment to loans receivable and unavailable revenue, respectively, in the Community Development and Loan Program Fund. At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $60.4 million, a $6.5 million increase from prior year. Of the total fund balance, $18.7 million is nonspendable, $41 million is restricted, $454 thousand is assigned and $194 thousand was net unassigned fund balance.

The General Fund is the only fund that should report a positive unassigned fund balance. During fiscal year 2015, the General Fund reported an unassigned fund balance of $9.9 million which is an increase of $2 million from prior year and inclusive of the $10 million contingency reserve. All other governmental funds will only report unassigned fund balance if they are showing a deficit. The following governmental funds reported a cumulative $9.8 million deficit unassigned fund balance at the end of the fiscal year:

- Cost Recovery Fund deficit of $8.7 million
- Civic Center Debt Service deficit of $340 thousand
- Developer Impact Fees deficit of $515 thousand
- Paratransit Operations deficit of $254 thousand

The City's major governmental funds are General Fund and Cost Recovery Fund, Community Development and Loan Programs, Environmental and Community Investment Agreement Special Revenue Funds. Financial highlights for the major funds are discussed below.

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

At the end of the current fiscal year, the total fund balance increased by $1.1 million from the prior year to $28.7 million.

During fiscal year 2015, General Fund revenues of $140.1 million exceeded expenditures of $135.7 million by $4.3 million while other financing uses exceeded sources by $3.2 million resulting in the $1.1 million positive change in fund balance.

General Fund revenues increased by $15.7 million, or 13 percent, from prior year while expenditures increased by $1.8 million, or 1 percent, from prior year. Additionally, net other financing sources decreased by $3.4 million from prior year to a net other financing use of $3.2 million in the current year. The three largest revenue sources of utility users, sales and property taxes increased by a combined $5.7 million, or 5% from the prior year. The bulk of the increase, $3.5 million, resulted from the collection of Measure U sales taxes and the $2 million increase in property taxes is due to an 8.7% increase in the City's assessed valuation. Other taxes increased $2.8 million, or 39 percent from the prior year primarily due to an increase in garbage and gas tax collections. Intergovernmental revenues increased $2.2 million, or 115 percent primarily due to the receipt of surplus funds from the Successor Agency related to the prior dissolution of the Redevelopment Agency. Additionally, charges for services increased $4.8 million, or 112 percent primarily due to increased Civic Center rent allocation charges and increased collections of fire inspection fees. The $1.8 million increase in expenditures can be attributed to a $734 thousand El Cerrito sales tax sharing payment, $587 thousand General Pension funding and a reduction in cost pool charges due to the use of swaption proceeds for debt service.

At the end of the fiscal year, the total fund balance for the General Fund of $28.7 million included $18.7 million nonspendable fund balance, $24 thousand assigned fund balance and $9.9 million unassigned fund balance. The majority of the nonspendable fund balance represents advances to other funds and loans to third parties while the assigned fund balance is to meet future appropriations for specific programs. The $9.9 million reported as unassigned fund balance represents the contingency reserve that is reflected as a component of unassigned fund balance which increased by $2 million from the prior fiscal year. The $2 million increase in unassigned fund balance is the net result of the $1.1 million positive change in fund balance and $1.1 million repayment of money advanced to Port of Richmond.

Cost Recovery This fund was established to record the receipt and use of monies for services provided to the public and developers. Cost recovery fund balance was restated by $1.7 million to a deficit $10.7 million to adjust for a duplicate revenue accrual in the prior year as discussed in Note 10F. After restatement, total fund balance increased by $2 million from the prior year to a deficit $8.6 million. During fiscal year 2015, Cost Recovery expenditures exceeded the revenues by $2.3 million; however, the fund also reported net other financing sources of $4.4 million which represented a subsidy from the General Fund. The $2 million positive change in fund balance for the year is a $2.6 million increase from the $598 thousand deficit change reported in the prior year. The City will determine how to address the $8.6 million deficit fund balance beginning in fiscal year 2016.

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 July 1, 2014, the fund balance was restated by $4 million to adjust Housing loan receivable balances as discussed in Note 10F. After restatement, the fund balance increased by $156 thousand from the prior year to $23.7 million as of June 30, 2015.

Environmental and Community Investment Agreement This fund was established to account for funding received from Chevron in conjunction with the Chevron Modernization Project Environmental and Community Investment Agreement which funds various projects and programs within the City of Richmond. As of June 30, 2015, the City has received a total of $4 million ($1 million guaranteed payment and $3 million for ECIA program) the majority of which is classified as unearned revenue to be spent in the future under the terms of the agreement.

Proprietary Funds:

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

Enterprise Funds:

Richmond Housing Authority The Richmond Housing Authority ("RHA") was established to administer funds provided by the Department of Housing and Urban Development (HUD) to assist low-income families in obtaining decent, safe and sanitary housing. Although RHA is a separate legal entity, it is a component unit of the City of Richmond. The City exercises management control over the Authority, and members of the City Council serves as the governing board of the Authority. RHA's total net position was restated by $7 million to $41.7 million as of July 1, 2014 to implement GASB Statement No. 68 and GASB Statement No. 71 as discussed in Note 10F. After restatement, RHA's net position declined $2.8 million to $38.9 million at June 30, 2015. Of the $38.9 million, $36.6 million is the net investment in capital assets and $1.9 million is unrestricted and $395 thousand is restricted for housing programs. RHA reported a net loss of $3.9 million which was offset by a $1.1 million capital grant contribution for projects resulting in the change in net position of $2.8 million.

The Port of Richmond The Port of Richmond ("Port") is a public enterprise established by the City of Richmond and is administered as a department of the City. Operations include the marine terminal facilities and commercial property rentals. The Port restated its net position by $2.2 million to $7.6 million as of July 1, 2014 to implement GASB Statement No. 68 and GASB Statement No. 71 as discussed in Note 10F. After restatement, the Port's net position increased $58 thousand to $7.7 million at June 30, 2015. The Port reported an operating income of $2.6 million at the end of the fiscal year due to the slight decline in lease income exceeding the increase in operating expense. However, the Port also reported deficit non-operating expenses of $363 thousand due to interest expense incurred in conjunction with the Series 2009A and 2009B Point Potrero Lease Revenue Bonds that were issued to fund the construction at the Port that offset the operating income above.

Municipal Sewer Fund This fund is used to account for a variety of sewer service-related revenues and expenses. Municipal Sewer restated its net position by $1.8 million to $16.8 million as of July 1, 2014 to implement GASB Statement No. 68 and GASB Statement No. 71 as discussed in Note 10F. After restatement, Municipal Sewer's net position increased $3.1 million to $19.9 million at June 30, 2015. The Municipal Sewer reported a $7.9 million operating income which is a $672 thousand increase from prior year which is partially attributed to a $385 thousand settlement with the City's third-party operator related to a digester control and $207 thousand decrease in expenses.

Fiduciary Funds:

The City's fiduciary funds are the pension trust funds, private-purpose trust funds and various agency funds. The Pension Trust Funds which include the General Pension, Police and Fireman's Pension and Garfield Pension were established to account for revenues and expenditures related to former City employee's pension activities. The City administers the activities of the pension funds on behalf of the employees with the assets not being accessible for City operations. The City also uses Private-Purpose Trust Funds to account for a pass-thru federal grant which is being used for pollution remediation in the development of the Naval Fuel Depot Point Molate (Point Molate) and the Successor Agency activities associated with the dissolution of the former Redevelopment Agency. As with the Pension Trust Funds, the assets of the Private Purpose Trust Funds are not accessible for City operations. The City also uses various agency funds to maintain records of assets and the fund's financial activities on behalf of third parties. The City does not make any decisions relating to the uses of the assets nor can they be used for City operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

The adopted budget, excluding transfers, bond premium and proceeds from sale of property, reflected $131 million in estimated revenues and $137.2 million in appropriations.

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

The final amended budget included an $8 million increase in estimated revenue and a $525 thousand decrease in appropriations. Actual revenues of $140.1 million were $1.1 million more than adjusted operating revenue projections, a variance of 1 percent. Key elements of the decreases in revenues are discussed as follows:

Final property taxes totaled $30.9 million which is $322 thousand less than expected. The City of Richmond experienced Assessed Valuation growth of 8.7%. The Chevron Refinery itself saw a decrease of 1.5%. Excluding the Refinery, the rest of the City experienced assessed valuation growth of 12.2%.

The original budget for sales tax of $31.1 million was increased by $2.5 million to $33.6 million to adjust for the newly approved Measure U Sales Tax approved by the voter in November 2014, with a start date of April 2015. This new extra half cent Sales tax increased the rate in Richmond from 9.0% to 9.5%. Actual sales tax totaled $33.1 million which is $434 thousand less than expected.

The utility user tax is a tax imposed on various utilities and is usually collected from customers through their utility bills. The original budget was reduced $1.6 million from $50.4 million to $48.8 million due to lower than expected telecommunication UUT and lower than expected gas and electricity UUT. The first relates to a combination of factors including a saturation of the cellular market, fewer land lines and an increase of prepaid card services which are currently untaxed. The latter is due to gas prices not increasing as originally projected. Actual revenue of $48.3 million is $508 thousand below the final budget of $48.8 million as a result of a lower than expected UUT from telecommunications.

Other taxes' original budget of $7.5 million was increased $840 thousand to $8.3 million at Mid-Year. However, actual other tax revenue of $9.9 million is $1.6 higher than the mid-year adjusted projection. This is the result of higher than expected Transfer Tax on sale of properties in Richmond.

Licenses, permits and fees actual revenue of $2.4 million is $337 thousand below the budgeted amount of $2.8 million.

The original budget for Intergovernmental of $953 thousand was adjusted upward at mid-year to $3.3 million. The $2.3 million adjustment at Mid-Year is due to an unbudgeted receipt of surplus funds from the Successor Agency related to the dissolution of the Redevelopment Agency in fiscal year 2014-15. Intergovernmental actual revenues of $4.1 million are $806 thousand greater the projected final budget of $3.3 million as a result of additional $643 thousand received for Successor Agency Surplus during June 2015.

The final adjusted appropriations were $136.7 million, a decrease of $525 thousand from the original adopted budget appropriation of $137.2 million. Actual operating expenditures of $135.7 million were $982 thousand less than final appropriations. The original adopted budget appropriation was reduced due to reductions in salary and benefits for Memorandum of Understanding (MOU) concessions. Additionally, cost pool charges were reduced due to proceeds from swaption related to the anticipated refinance of Civic Center debt. Savings totaling $1.9 million in payroll benefits and $1.5 million in professional services were realized with actual expenses lower than the final budget appropriations.

Although the City's original budget deficit was $10.9 million, a $8.0 million increase in revenues and $525 thousand decrease in expenditures decreased the budget deficit to $2.2 million. Fiscal Year 2014-15 ended with a surplus of $1.1 million.

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, 2015 amounted to $498.2 million, net of accumulated depreciation, which is $7.4 million greater than prior year. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items.

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

Capital Assets by Type

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$ 14,428,675	$ 14,428,675	$ 8,231,777	$ 8,231,777	$ 22,660,452	$ 22,660,452
Construction in Progress	56,394,914	64,261,716	28,577,142	12,765,510	84,972,056	77,027,226
Building and improvements	120,905,968	124,223,938	39,309,887	41,670,621	160,215,855	165,894,559
Machinery and equipment	12,241,846	14,315,500	5,401,541	6,217,975	17,643,387	20,533,475
Infrastructure	104,386,469	92,747,334	108,283,040	111,900,494	212,669,509	204,647,828
Total Capital assets	$ 308,357,872	$ 309,977,163	$ 189,803,387	$ 180,786,377	$ 498,161,259	$ 490,763,540

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 72-74 in the financial statements.

Debt Administration:

Long Term Debt – The City's total debt outstanding at June 30, 2015 increased $2.2 million from $395.4 million to $397.6 million.

Outstanding Debt
June 30

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue bonds			$ 86,867,520	$ 89,012,056	$ 86,867,520	$ 89,012,056
Lease revenue bonds	$87,121,545	$87,121,545	41,984,610	44,944,399	129,106,155	132,065,944
Pension obligation bonds	156,491,679	157,555,624			156,491,679	157,555,624
Total bonds payable	243,613,224	244,677,169	128,852,130	133,956,455	372,465,354	378,633,624
Loans payable	12,970,813	2,631,887	2,861,189	2,935,889	15,832,002	5,567,776
Capital leases	9,295,123	11,186,685		-	9,295,123	11,186,685
Total outstanding debt	$ 265,879,160	$ 258,495,741	$ 131,713,319	$ 136,892,344	$ 397,592,479	$ 395,388,085

The City does not have any general obligation bonds as of June 30, 2015.

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 ("2007 Swaps") the City entered in conjunction with the 2005 Taxable POBs. 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 represents the present value of the City's expected future performance obligations under the 2007 Swaps. The City intends to enter 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 will simultaneously enter into a novation of the 2007 Swaps with JPM. By terminating the Civic Center Swaps, the City reduces 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 will amend and restate 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 will eliminate 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.

On December 23, 2015, the City received an updated issuer credit rating from S&P affirming the BBB+ issuer credit rating and removing the ratings from CreditWatch and noting that the outlook is stable.

For more detailed information on the City's long-term debt see Note 8 on pages 75-102.

Economic Factors, Next Year's Budget and Inflation Rates

- The East Bay economy continues to recover and with it the City of Richmond. And, with real estate one of the driving forces, assessed valuation ("AV") within the City of Richmond is set to rise in the coming years. Unfortunately, there was a fire at the Chevron refinery in August 2012 which contributed to a 14.7% decline for the City's 2013-14 AV roll, and an 18.6% decline in subsequent property taxes. Excluding the Refinery, the rest of the city experienced assessed valuation growth of 2.2%. In FY2014-15, AV grew by 8.7% for the City as a whole. This includes a decline of the valuation of the Chevron Refinery of 1.5%. If we exclude the Refinery, the rest of the City's AV grew by 12.2%. In FY2015-16, AV grew by 8.9%. This included growth in the AV of the Refinery of 12.7%. Positive growth between by 6% to 7% is expected over the next five fiscal years with improvement in the local economy, including residential and commercial real estate. Additionally, Measure U was approved by the Richmond voters with a majority of 55%. The Measure increases the Sales Tax in Richmond from 9.0% to 9.5%, the new rate took effect on April 1, 2015. All the funds will go to the General fund. The tax will yield approximately $7.5 million in fiscal year 2015-16.

Assessed Valuation	2011	2012	Diff.		2013	Diff.		2014	Diff.		2015	Diff.		
Richmond Total	10,920	11,836	916	8.40%	10,888	-948	-8.00%	11,837	949	8.70%	12,893	1,056	8.92%	
Chevron	2,751	3,871	1,121	40.70%	2,750	-1,121	-29.00%	2,708	-42	-1.50%	3,052	344	12.70%	[1]
Richmond total without Chevron	8,169	7,965	-204	-2.50%	8,138	173	2.20%	9,129	991	12.20%	9,841	712	7.80%	

[1] Chevron Assessed Valuation for 2014 is from Equalized Roll and total of all Chevron owned parcels, including Chevron USA, Chevron Chemical Company and Chevron Land & Development. Chevron AV from previous years are from Contra Costa County Assessor.

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

- The City has established a reserves policy to maintain a contingency reserve within the General Fund. As of June 30, 2015, the City's policy is to fund a cash reserve of $10 million, which is a component of unassigned fund balance. However, the balance of unassigned fund balance was only $9.9 million at that date. The City is working to fully fund the cash reserve.

- The City has adopted a structurally balanced budget policy requiring one-time revenues to be spent only on one-time expenditures, and on-going revenues to be spent on on-going expenditures. Additionally, the City Manager has recommended to the City Council that City services only be expanded if a specific, new revenue stream can be identified, thus preventing the creation of structural deficits.

- The City worked with financial consultants from National Resource Network to prepare a five-year revenue and expenditure forecast and model for the City to use in planning, upcoming labor negotiations and addressing pension and Other Post-Employment Benefits (OPEB) funding.

- 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. In addition, the City continues to analyze the structural integrity of all funds and identify additional cost reductions and efficiencies.

- In light of the recent downgrades and termination event, the City is working to novate the Pension Obligation Bond swap from JP Morgan to Royal Bank of Canada.

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.

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 unit of the RHA Properties are included in these Statements as separate columns.

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CITY OF RICHMOND
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	RHA Properties
ASSETS				
Cash and investments (Note 3)	$22,387,954	$27,034,707	$49,422,661	
Restricted cash and investments (Note 3)	18,674,831	11,603,191	30,278,022	
Receivables:				
Accounts, net	14,109,882	5,598,498	19,708,380	$2,500,000
Interest	260	168	428	
Grants	5,794,623		5,794,623	
Due from developer (Note 17E)		11,221,743	11,221,743	
Loans (Note 5)	40,309,177		40,309,177	
Internal balances (Note 4D)	24,403,012	(24,403,012)		
Property held for resale (Note 2I)	2,011,079		2,011,079	
Prepaids, supplies, and other assets	585,651	39,301	624,952	
Capital assets (Note 6):				
Nondepreciable	70,823,589	36,808,919	107,632,508	
Depreciable, net	237,534,283	152,994,468	390,528,751	
Total Assets	436,634,341	220,897,983	657,532,324	2,500,000
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Notes 11 and 12)	17,606,913	800,268	18,407,181	
Deferred charge on refunding (Note 2G)		5,826,848	5,826,848	
Total Deferred Outflows of Resources	17,606,913	6,627,116	24,234,029	
LIABILITIES				
Accounts payable and accrued liabilities	4,610,227	2,250,013	6,860,240	
Interest payable	3,530,670	3,382,282	6,912,952	
Refundable deposits	548,370	366,374	914,744	
Unearned revenue (Note 9)	14,638,191	500,000	15,138,191	
Derivative instrument at fair value - liability (Note 8)	41,648,877	9,004,292	50,653,169	
Compensated absences (Note 2D):				
Due within one year	6,150,047	76,508	6,226,555	
Due in more than one year	7,023,208	459,918	7,483,126	
Claims liabilities (Note 15):				
Due within one year	7,919,524		7,919,524	
Due in more than one year	21,664,216		21,664,216	
Long-term debt (Note 8):				
Due within one year	9,491,718	5,001,517	14,493,235	2,500,000
Due in more than one year	256,387,442	126,711,802	383,099,244	
Net pension liability (Notes 11 and 12):				
Due in more than one year	198,427,919	10,920,138	209,348,057	
Net OPEB obligation (Note 13):				
Due in more than one year	39,075,795		39,075,795	
Total Liabilities	611,116,204	158,672,844	769,789,048	2,500,000
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions (Notes 11 and 12)	50,362,380	2,954,305	53,316,685	
Total Deferred Inflows of Resources	50,362,380	2,954,305	53,316,685	
NET POSITION (Note 10)				
Net investment in capital assets	218,144,811	74,922,303	293,067,114	
Restricted for:				
Capital projects	7,046,716		7,046,716	
Debt service	7,038,944	9,013,176	16,052,120	
Housing and redevelopment	40,492,921	395,061	40,887,982	
Pension benefits	358		358	
Total Restricted Net Position	54,578,939	9,408,237	63,987,176	
Unrestricted (Deficit)	(479,961,080)	(18,432,590)	(498,393,670)	
Total Net Position (Deficit)	($207,237,330)	$65,897,950	($141,339,380)	

See accompanying notes to financial statements

CITY OF RICHMOND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Net (Expense) Revenue and Changes in Net Position: Component Unit: RHA Properties
Primary Government:								
Governmental Activities:								
General government	$28,879,074	$11,107,654	$1,100,679	$2,216,601	($14,454,140)		($14,454,140)	
Public safety	102,732,652	10,466,292	1,024,407	1,060,617	(90,181,336)		(90,181,336)	
Public works	43,363,799	3,609,577	3,590,847	16,654,277	(19,509,098)		(19,509,098)	
Community development	4,771,875	1,385,689	2,516,288		(869,898)		(869,898)	
Cultural and recreational	10,492,020	475,091	818,256		(9,198,673)		(9,198,673)	
Housing and redevelopment	2,751,290		180,562	1,165,691	(1,405,037)		(1,405,037)	
Interest on long-term debt	17,219,905				(17,219,905)		(17,219,905)	
Total Governmental Activities	210,210,615	27,044,303	9,231,039	21,097,186	(152,838,087)		(152,838,087)	
Business-type Activities:								
Richmond Housing Authority	28,049,474	1,917,602	22,112,391	1,078,063		($2,941,418)	(2,941,418)	
Port of Richmond	9,923,282	9,480,367				(442,915)	(442,915)	
Richmond Marina	235,054	488,201				253,147	253,147	
Municipal Sewer	15,965,608	19,033,406		799,729		3,867,527	3,867,527	
Storm Sewer	3,282,406	1,845,648		311,932		(1,124,826)	(1,124,826)	
Cable TV	948,426	1,376,194				427,768	427,768	
Total Business-type Activities	58,404,250	34,141,418	22,112,391	2,189,724		39,283	39,283	
Total Primary Government	$268,614,865	$61,185,721	$31,343,430	$23,286,910	(152,838,087)	39,283	(152,798,804)	
Component Unit:								
RHA Properties	$19,494							($19,494)
General revenues:								
Taxes:								
Property taxes-current collections					45,129,392		45,129,392	
Sales taxes					33,155,376		33,155,376	
Utility user taxes					48,299,958		48,299,958	
Documentary transfer taxes					4,818,936		4,818,936	
Other taxes					5,099,511		5,099,511	
Unrestricted intergovernmental					1,806,532		1,806,532	
Use of money and property					(4,752,198)	(563,129)	(5,315,327)	
Pension stabilization revenue					954,202		954,202	
Gain from sale of capital assets					268,927		268,927	
Other					2,151,042		2,151,042	
Transfers, net (Note 4)					178,487	(178,487)		
Total general revenues and transfers					137,110,165	(741,616)	136,368,549	
Change in Net Position					(15,727,922)	(702,333)	(16,430,255)	(19,494)
Net Position (Deficit)-Beginning, as restated (Note 10F)					(191,509,408)	66,600,283	(124,909,125)	19,494
Net Position (Deficit)-Ending					($207,237,330)	$65,897,950	($141,339,380)	

See accompanying notes to financial statements

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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 2015. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

COST RECOVERY SPECIAL REVENUE FUND

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

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, and activities related to the City's loan from the California Department of Toxic Substances Control for the Miraflores Remediation project. 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.

ENVIRONMENTAL AND COMMUNITY INVESTMENT AGREEMENT (ECIA) SPECIAL REVENUE FUND

The Environmental and Community Investment Agreement (ECIA) Special Revenue 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.

CITY OF RICHMOND
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

	General	Cost Recovery	Community Development and Loan Programs	Environmental and Community Investment Agreement	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments (Note 3)	$7,283,648			$3,981,833	$5,885,076	$17,150,557
Restricted cash and investments (Note 3)	2,534		$2,942,276		15,730,021	18,674,831
Receivables:						
Accounts, net	9,699,762	$2,315,304	121,998		1,663,629	13,800,693
Interest	69				13	82
Grants	738,733	680,448	866,726		3,508,716	5,794,623
Loans (Note 5)	3,168,247		35,379,716		1,011,214	39,559,177
Property held for resale (Note 2I)			1,362,841		648,238	2,011,079
Advances to other funds (Note 4B)	15,460,486		174,067			15,634,553
Prepaids, supplies and other assets	585,167				484	585,651
Total Assets	$36,938,646	$2,995,752	$40,847,624	$3,981,833	$28,447,391	$113,211,246
LIABILITIES						
Accounts payable and accrued liabilities	$2,732,725	$325,856	$86,494	$10,695	$1,219,253	$4,375,023
Refundable deposits	87,291	461,079				548,370
Due to other funds (Note 4A)		8,527,374	1,212,400		3,476,855	13,216,629
Unearned revenue (Note 9)	4,252,201	1,712,077		3,971,138	3,505,010	13,440,426
Total Liabilities	7,072,217	11,026,386	1,298,894	3,981,833	8,201,118	31,580,448
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue (Note 9)	1,184,693	616,001	15,893,418		3,561,911	21,256,023
FUND BALANCES (Note 10)						
Nonspendable	18,708,682				484	18,709,166
Restricted			23,655,312		17,362,290	41,017,602
Assigned	23,934				430,083	454,017
Unassigned	9,949,120	(8,646,635)			(1,108,495)	193,990
Total Fund Balances	28,681,736	(8,646,635)	23,655,312		16,684,362	60,374,775
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$36,938,646	$2,995,752	$40,847,624	$3,981,833	$28,447,391	$113,211,246

See accompanying notes to financial statements

CITY OF RICHMOND
Reconciliation of the
GOVERNMENTAL FUNDS – BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances reported on the governmental funds balance sheet	$60,374,775
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.	308,357,872
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	5,237,397
Accounts receivable	310,189
Interest receivable	178
Loans receivable	750,000
Due from other funds	19,845,158
Advances to other funds	2,139,930
Accounts payable, accrued liabilities and interest payable	(235,204)
Compensated absences	(262,205)
Unearned revenue	(1,197,765)
Claims payable	(29,583,740)
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.	21,255,023
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	(3,530,670)
Long-term debt	(265,879,160)
Derivative instrument at fair value - liability	(41,648,877)
Net pension liability and deferred outflows/inflows related to pensions	(231,183,386)
Net OPEB obligation	(39,075,795)
Governmental activities portion of compensated absences	(12,911,050)
NET POSITION OF GOVERNMENTAL ACTIVITIES	($207,237,330)

See accompanying notes to financial statements

CITY OF RICHMOND
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General	Cost Recovery	Community Development and Loan Programs	Environmental and Community Investment Agreement	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	$30,904,650				$15,593,411	$46,498,061
Sales taxes	33,131,486					33,131,486
Utility user taxes	48,299,958					48,299,958
Other taxes	9,918,447					9,918,447
Licenses, permits and fees	2,439,359	$6,206,851	$462,892		3,300,523	12,409,625
Fines, forfeitures and penalties	482,567	849,667			21,284	1,353,518
Use of money and property	77,228		118,817		29,484	225,529
Intergovernmental	4,097,963	1,680,081	1,943,397	$28,862	11,478,694	19,228,997
Charges for services	9,141,441	4,086,367			380,032	13,607,840
Pension stabilization revenue					954,202	954,202
Other	768,619	16,348	686,190		506,531	1,977,688
Rent	809,113					809,113
Total Revenues	140,070,831	12,839,314	3,211,296	28,862	32,264,161	188,414,464
EXPENDITURES						
Current:						
General government	21,241,969	7,248,840		28,862	1,266,418	29,786,089
Public safety	83,960,461	4,301,664			1,957,856	90,219,981
Public works	18,686,952	3,459,283			3,660,202	25,806,437
Community development			170,262		4,416,071	4,586,333
Cultural and recreational	9,658,457				363,024	10,021,481
Housing and redevelopment			2,583,436		42,097	2,625,533
Capital outlay	256,353	143,467	200,000		7,578,829	8,178,649
Debt service:						
Principal	1,320,695		800,000		5,722,135	7,842,830
Interest and fiscal charges	610,575		15,967		12,781,062	13,407,604
Total Expenditures	135,735,462	15,153,254	3,769,665	28,862	37,787,694	192,474,937
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,335,369	(2,313,940)	(558,369)		(5,523,533)	(4,060,473)
OTHER FINANCING SOURCES (USES)						
Issuance of debt (Note 8)					11,175,436	11,175,436
Bond issuance premium	82,880					82,880
Proceeds from sale of property	268,927					268,927
Transfers in (Note 4C)	4,106,974	4,359,670	714,293		3,699,038	12,879,975
Transfers (out) (Note 4C)	(7,654,242)				(6,161,327)	(13,815,569)
Total Other Financing Sources (Uses)	(3,195,461)	4,359,670	714,293		8,713,147	10,591,649
NET CHANGE IN FUND BALANCES	1,139,908	2,045,730	155,924		3,189,614	6,531,176
BEGINNING FUND BALANCES (DEFICITS), AS RESTATED (Note 10F)	27,541,828	(10,692,365)	23,499,388		13,494,748	53,843,599
ENDING FUND BALANCES (DEFICITS)	$28,681,736	($8,646,635)	$23,655,312		$16,684,362	$60,374,775

See accompanying notes to financial statements

CITY OF RICHMOND
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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	$6,531,176
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	6,825,300
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of $2,073,551 which has already been allocated to serviced funds)	(18,039,848)
Retirements of capital assets are deducted from the fund balance (Retirements are net of internal service fund retirements of $81,055 which has already been allocated to serviced funds)	(1,155,192)
Capital contributions from developers and the Successor Agency are added to fund balance	12,010,974
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	7,842,830
Capital appreciation bonds accretion is deducted from fund balance	(4,594,055)
Interest accruals on debt are deducted from fund balance	(29,404)
Proceeds from debt issuance is deducted from fund balance	(11,175,436)
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	849,459
Unavailable revenue	589,600
Derivative instrument at fair value - liability	(5,122,721)
Compensated absences	(670,833)
Net pension liability and deferred outflows/inflows related to pensions	326,222
Net OPEB obligation	(8,191,903)
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	(1,724,091)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	($15,727,922)

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2015.

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

RICHMOND HOUSING AUTHORITY

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

PORT OF RICHMOND

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

MUNICIPAL SEWER

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

CITY OF RICHMOND
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2015

	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)	$938,866		$22,248,218	$3,847,623	$27,034,707	$5,237,397
Restricted cash and investments (Note 3)	597,804	$9,013,176	1,992,211		11,603,191	
Receivables:						
Accounts, net	480,148	4,637,208	55,263	425,879	5,598,498	310,189
Interest			168		168	178
Grants						
Notes (Note 5)						750,000
Prepaids and other assets	39,301				39,301	
Due from other funds (Note 4A)						19,845,158
Total current assets	2,056,119	13,650,384	24,295,860	4,273,502	44,275,865	26,142,922
Noncurrent assets:						
Receivables:						
Due from developer	11,221,743				11,221,743	
Capital assets (Note 6):						
Nondepreciable	4,587,794	10,609,081	21,612,044		36,808,919	230,725
Depreciable, net	32,011,973	47,866,672	68,512,880	4,602,943	152,994,468	6,439,790
Advances to other funds (Note 4B)			901,396	167,451	1,068,847	2,139,930
Total noncurrent assets	47,821,510	58,475,753	91,026,320	4,770,394	202,093,977	8,810,445
Total Assets	49,877,629	72,126,137	115,322,180	9,043,896	246,369,842	34,953,367
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 11)	386,065	151,468	125,625	137,110	800,268	234,738
Deferred charge on refunding (Note 2G)		16,672	5,810,176		5,826,848	
Total Deferred outflows of resources	386,065	168,140	5,935,801	137,110	6,627,116	234,738
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	206,484	246,936	1,772,607	23,986	2,250,013	234,906
Interest payable		1,487,895	1,776,363	118,024	3,382,282	298
Due to other funds (Note 4A)	1,294,877	3,005,157		2,328,495	6,628,529	
Refundable deposits	202,743	81,750		81,881	366,374	
Compensated absences (Note 2D)	27,177			49,331	76,508	
Claims payable (Note 15)						7,919,524
Current portion of long-term debt (Note 8B)		2,723,455	2,200,000	78,062	5,001,517	342,808
Total current liabilities	1,731,281	7,545,193	5,748,970	2,679,779	17,705,223	8,497,536
Noncurrent liabilities:						
Advances from other funds (Note 4B)	1,942,914	14,760,486		2,139,930	18,843,330	
Compensated absences (Note 2D)	244,596	188,937	26,385		459,918	262,205
Unearned revenue (Note 9)		500,000			500,000	1,197,765
Claims payable (Note 15)						21,664,216
Derivative instrument at fair value - liability (Note 8B)		12,292	8,992,000		9,004,292	
Long-term debt, net (Note 8B)		39,261,155	84,667,520	2,783,127	126,711,802	534,132
Net pension liability (Note 11)	5,867,275	1,847,754	1,532,497	1,672,612	10,920,138	2,863,581
Total noncurrent liabilities	8,054,785	56,570,624	95,218,402	6,595,669	166,439,480	26,521,899
Total Liabilities	9,786,066	64,115,817	100,967,372	9,275,448	184,144,703	35,019,435
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 11)	1,587,317	499,886	414,598	452,504	2,954,305	774,705
Total Deferred inflows of resources	1,587,317	499,886	414,598	452,504	2,954,305	774,705
NET POSITION (Note 10)						
Net investment in capital assets	36,599,767	25,520,991	11,059,791	1,741,754	74,922,303	5,793,575
Restricted for housing programs	395,061				395,061	
Restricted for debt service		9,013,176			9,013,176	
Unrestricted	1,895,483	(26,855,593)	8,816,220	(2,288,700)	(18,432,590)	(6,399,610)
Total Net Position	$38,890,311	$7,678,574	$19,876,011	($546,946)	$65,897,950	($606,035)

See accompanying notes to financial statements

CITY OF RICHMOND
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	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	$1,588,435				$1,588,435	
Service charges		$2,417,134	$18,648,404	$2,980,343	24,045,881	$23,029,435
Lease income		7,063,233		492,764	7,555,997	
Other	329,167		385,002	236,936	951,105	
Total Operating Revenues	1,917,602	9,480,367	19,033,406	3,710,043	34,141,418	23,029,435
OPERATING EXPENSES						
Salaries and benefits	6,114,429	883,260	849,665	895,441	8,742,795	5,184,564
General and administrative		1,854,273	8,343,717	2,329,782	12,527,772	2,269,641
Maintenance	1,960,086	648,781	197		2,609,064	497,882
Depreciation	2,421,400	3,476,105	1,642,065	1,038,094	8,577,664	2,073,551
Housing assistance	17,553,559				17,553,559	
Claims losses						15,857,256
Other		1,634	337,131	44	338,809	10,351
Total Operating Expenses	28,049,474	6,864,053	11,172,775	4,263,361	50,349,663	25,893,245
Operating Income (Loss)	(26,131,872)	2,616,314	7,860,631	(553,318)	(16,208,245)	(2,863,810)
NONOPERATING REVENUES (EXPENSES)						
Loss on retirement of capital assets						(81,055)
Interest income	135,899	79,900	(790,571)	11,643	(563,129)	144,994
Grants	22,112,391				22,112,391	
Interest (expense)		(3,059,229)	(4,792,833)	(202,525)	(8,054,587)	(38,301)
Total Nonoperating Revenues (Expenses)	22,248,290	(2,979,329)	(5,583,404)	(190,882)	13,494,675	25,638
Income (Loss) Before Contributions and Transfers	(3,883,582)	(363,015)	2,277,227	(744,200)	(2,713,570)	(2,838,172)
Capital contributions/grants	1,078,063		799,729	311,932	2,189,724	
Transfers in (Note 4C)		421,513			421,513	1,114,081
Transfers out (Note 4C)				(600,000)	(600,000)	
Total Contributions and Transfers	1,078,063	421,513	799,729	(288,068)	2,011,237	1,114,081
Change in net position	(2,805,519)	58,498	3,076,956	(1,032,268)	(702,333)	(1,724,091)
BEGINNING NET POSITION (DEFICIT), AS RESTATED (Note 10F)	41,695,830	7,620,076	16,799,055	485,322	66,600,283	1,118,056
ENDING NET POSITION (DEFICIT)	$38,890,311	$7,678,574	$19,876,011	($546,946)	$65,897,950	($606,035)

See accompanying notes to financial statements

CITY OF RICHMOND
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities-
	Richmond Housing Authority	Port of Richmond	Municipal Sewer	Other Enterprise Funds	Totals	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	$1,711,990	$9,283,478	$19,037,245	$3,680,342	$33,713,055	$23,457,612
Payments to suppliers	(22,083,198)	(2,451,304)	(7,615,522)	(2,607,438)	(34,757,462)	(2,753,524)
Payments to employees	(1,911,970)	(937,050)	(845,947)	(912,027)	(4,606,994)	(5,185,356)
Insurance premiums and claims paid						(11,970,666)
Cash Flows from Operating Activities	(22,283,178)	5,895,124	10,575,776	160,877	(5,651,401)	3,548,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interfund receipts	700,000			474,997	1,174,997	
Interfund payments		(656,439)			(656,439)	(962,214)
Receipts from other governments	22,055,779				22,055,779	
Transfers out				(600,000)	(600,000)	
Transfers in		421,513			421,513	1,114,081
Cash Flows from Noncapital Financing Activities	22,755,779	(234,926)		(125,003)	22,395,850	151,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Receipts from other governments			799,729		799,729	
Grant receipts	1,078,063			311,932	1,389,995	
Acquisition of capital assets	(1,287,503)	(339,572)	(15,967,600)		(17,594,675)	(894,081)
Principal payments on capital debt		(3,025,000)	(2,115,000)	(74,700)	(5,214,700)	(572,646)
Interest paid		(3,077,165)	(4,499,235)	(205,606)	(7,782,006)	(38,473)
Cash Flows from Capital and Related Financing Activities	(209,440)	(6,441,737)	(21,782,106)	31,626	(28,401,657)	(1,505,200)
CASH FLOWS FROM INVESTING ACTIVITIES						
Repayment on notes receivable	344,662				344,662	
Interest	135,899	948	69,779	12,420	219,046	149,323
Cash Flows from Investing Activities	480,561	948	69,779	12,420	563,708	149,323
Net Cash Flows	743,722	(780,591)	(11,136,551)	79,920	(11,093,500)	2,344,056
Cash and investments at beginning of period	792,948	9,793,767	35,376,980	3,767,703	49,731,398	2,893,341
Cash and investments at end of period	$1,536,670	$9,013,176	$24,240,429	$3,847,623	$38,637,898	$5,237,397
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:						
Operating income (loss)	($26,131,872)	$2,616,314	$7,860,631	($553,318)	($16,208,245)	($2,863,810)
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation	2,421,400	3,476,105	1,642,065	1,038,094	8,577,664	2,073,551
Change in assets and liabilities:						
Receivables, net	196,385	(208,889)	3,839	(29,701)	(38,366)	567,484
Prepaids and other assets	14,144				14,144	
Accounts payable and accrued liabilities and other accrued expenses	1,130,155	53,384	1,065,523	(277,612)	1,971,450	24,350
Refundable deposits	845	12,000			12,845	
Unearned revenue						(139,307)
Compensated absences payable		(46,758)	9,550	(10,221)	(47,429)	10,105
Claims payable						3,886,590
Net pension liability and deferred outflows/inflows of resources	85,765	(7,032)	(5,832)	(6,365)	66,536	(10,897)
Cash Flows from Operating Activities	($22,283,178)	$5,895,124	$10,575,776	$160,877	($5,651,401)	$3,548,066
Non cash transactions:						
Change in fair value of investment derivative		$78,952	($856,000)		($777,048)	
Amortization of deferred charge on refunding		(8,336)	(358,020)		(366,356)	
Retirement of capital assets						$81,055

See accompanying notes to financial statements

CITY OF RICHMOND
JUNE 30, 2015

FIDUCIARY FUNDS

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

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

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

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

CITY OF RICHMOND
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS			
Cash and investments (Note 3)		$919,176	$6,447,946
Restricted cash and investments (Note 3)		37,362,141	1,807,219
Investment in reassessment bonds (Note 3)			12,377,500
Pension plan cash and investments (Note 12C):			
City of Richmond Investment Pool	$2,438,020		
Local Agency Investment Fund	172,439		
Mutual Fund Investments	13,355,777		
Accounts receivable		192,035	227,671
Interest receivable		113	
Grants receivable		9,814,385	
Loans receivable (Note 18B)		2,086,000	
Prepaids and other assets		6,955,456	
Capital assets (Note 18C):			
Nondepreciable		22,931,406	
Depreciable, net		8,395	
Total Assets	15,966,236	80,269,107	$20,860,336
LIABILITIES			
Accounts payable and accrued liabilities		7,003,124	$1,119,018
Refundable deposits payable			1,209,693
Interest payable		1,505,119	
Derivative instrument at fair value - liability (Note 18D)		5,809,000	
Long-term debt (Note 18D):			
Due within one year		7,050,500	
Due in more than one year		110,414,779	
Due to assessment district bondholders			18,531,625
Total Liabilities		131,782,522	$20,860,336
NET POSITION			
Restricted for employees' pension benefits	$15,966,236		
Held in trust for other governments		($51,513,415)	

See accompanying notes to financial statements

CITY OF RICHMOND
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Pension Trust Funds	Private-Purpose Trust Funds
ADDITIONS		
Property taxes		$17,206,306
Contributions from the City	$1,445,345	
Net investment income:		
Net increase (decrease) in the fair value of investments	162,654	
Interest income	312,215	1,596,885
Investment management fees	(103,037)	
Intergovernmental revenue		12,682,972
Miscellaneous revenue		290,409
Total Additions	1,817,177	31,776,572
DEDUCTIONS		
Community development		13,630,179
Pension benefits	3,835,848	
Payments in accordance with trust agreements		10,359,428
Payment to the County (Note 18A)		4,067,242
Depreciation		12,369
Interest and fiscal charges		5,856,114
Total Deductions	3,835,848	33,925,332
Change in net position	(2,018,671)	(2,148,760)
NET POSITION (DEFICIT), BEGINNING OF YEAR	17,984,907	(49,364,655)
NET POSITION (DEFICIT), END OF YEAR	$15,966,236	($51,513,415)

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.

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 the City 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, 2015

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

B. DISCRETELY PRESENTED COMPONENT UNIT

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 sixty days after the fiscal year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the City are property taxes, sales taxes, transient occupancy taxes, franchise taxes, certain other intergovernmental revenues, and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred also generally sixty days after the fiscal year end.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences between the two approaches.

Proprietary Fund Financial Statements - Proprietary Fund Financial Statements include a Statement of Net 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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, and activities related to the City's loan from the California Department of Toxic Substances Control for the Miraflores Remediation project. 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.

Environmental and Community Investment Agreement Special Revenue Fund – The Environmental and Community Investment Agreement Special Revenue 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.

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

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

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

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

The City also reports the following fund types:

Internal Service Funds. The funds account for 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 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 17I. 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 18. 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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Prepaids and Supplies

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

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

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$12,492,317	$593,142	$13,085,459
Additions	30,527,050	539,938	31,066,988
Payments	(29,846,112)	(596,654)	(30,442,766)
Ending Balance	$13,173,255	$536,426	$13,709,681
Current Portion	$6,150,047	$76,508	$6,226,555

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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	$2,148,611
Debt Service- Principal	10,297
Debt Service- Interest and Fiscal Charges	257,158
Community Development and Loan Programs Special Revenue Fund	
Debt Service- Interest and Fiscal Charges	2,849
Civic Center Debt Service Fund	
Debt Service- Interest and Fiscal Charges	1,356,423

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 City has one item that qualifies for reporting in this category, 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 as discussed in Notes 11 and 12.

In addition to liabilities, the statement of financial 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 City has one item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. 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 9 for further discussion. The City also has deferred inflows of resources related to pensions as discussed in Notes 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 have since been 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. As of June 30, 2015, total properties held for resale have a book value of $2,011,079.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

K. New Fund

The City established the Environmental and Community Investment Agreement Special Revenue Fund to account 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.

NOTE 3 - CASH AND INVESTMENTS

A. Investments and Cash Deposits

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

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

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

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, 2015:

Cash and investments	$49,422,661
Restricted cash and investments	30,278,022
Total Primary Government cash and investments	79,700,683
Cash and investments in Fiduciary Funds (Separate Statement)	
Cash and investments	7,367,122
Restricted cash and investments	39,169,360
Investments in reassessment bonds	12,377,500
Total Fiduciary Funds cash and investments	58,913,982
Total cash and investments	$138,614,665

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 or its Agencies	5 years		None		None
Treasury bonds and notes issued by the State of California or any local agency with California	5 years	A	None		None
Commercial Paper	270 days	A	10%	**(A)**	10%
Negotiable Certificates of Deposit	5 years	A	30%		None
Medium Term Corporate Notes	5 years	A	30%		None
Money Market Mutual Funds	N/A	Top rating category	15%		None
California Local Agency Investment Fund	N/A		None		$50 Mil
Investment Trust of California (CalTrust)	N/A		N/A		None
Collateralized Time Deposits	5 years		30%		10%

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

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. 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, 2015

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.

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 and RHA Properties are subject to various restrictions in the type, maturity and credit ratings of investments of the unspent proceeds of these issues. These restrictions are generally no more restrictive than those listed above regarding investment of the City's 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, 2015, the City and Agency were in compliance with the terms of all these restrictions.

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)				
	12 months or Less	13 to 24 Months	25 to 60 Months	More than 60 months	Total
Primary Government:					
Federal Agency Securities	$10,989,050	$3,000,000	$2,994,510		$16,983,560
U.S. Treasury Notes	511,216				511,216
California Local Agency Investment Fund	593,359				593,359
CalTrust Short Term Fund	18,429,070				18,429,070
CalTrust Medium Term Fund	80,680				80,680
Certificates of Deposit- Negotiable	702,743		749,125		1,451,868
Money Market Mutual Funds (U.S. Securities)	677,120				677,120
Held by Trustee:					
Money Market Mutual Funds (U.S. Securities)	59,150,391				59,150,391
Investment Agreement				$1,039,778	1,039,778
Guaranteed Investment Contracts			564,000	625,001	1,189,001
Reassessment Bonds	1,007,500	1,050,000	3,457,500	6,862,500	12,377,500
Total Investments	$92,141,129	$4,050,000	$7,765,135	$8,527,279	112,483,543
Cash in Banks and on hand - *Primary Government*					26,131,122
Total Cash and Investments					$138,614,665

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2015, these investments matured in an average of 239 days.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Short-Term Fund of the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees of seven Trustees, at least seventy-five percent of whom are from the participating agencies. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. The balance is available for withdrawal on demand, and is based on the accounting records maintained by CalTrust. Included in CalTrust's investment portfolio are: United States Treasury Notes, Bills, Bonds or Certificates of Indebtedness; registered state warrants or treasury notes or bonds; California local agency bonds, notes, warrants or other indebtedness; federal agency or United States government-sponsored enterprise obligations; bankers acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term notes; money market mutual funds; notes, bonds or other obligation secured by a first priority security interest in securities authorized under Government Code Section 53651; and mortgage passthrough securities, collateralized mortgage obligations, and other asset – backed securities. CalTrust's Short-Term Fund has a target portfolio duration of 0 to 2 years and CalTrust's Medium-Term Fund has a target portfolio duration of 0 to 4 years. At June 30, 2015 the Short-Term Fund investments matured in an average of 489 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, 2015 have an average maturity from 42 to 64 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, 2015 for each investment type:

Investment Type	AAAm	AAf	AA+	Total
Federal Agency Securities			$16,983,560	$16,983,560
Money Market Mutual Funds (U.S. Securities)	$59,150,391			59,150,391
CalTrust Short Term Fund		$18,429,070		18,429,070
Totals	$59,150,391	$18,429,070	$16,983,560	94,563,021
Exempt From Rating:				
U.S. Treasury Notes				511,216
Not Rated:				
California Local Agency Investment Fund				593,359
Investment Agreement				1,039,778
Guaranteed Investment Contracts				1,189,001
Certificates of Deposit - Negotiable				1,451,868
Money Market Mutual Funds (U.S. Securities)				677,120
CalTrust Medium Term Fund				80,680
Reassessment Bonds				12,377,500
Total Investments				112,483,543
Cash in Banks and On Hand				26,131,122
Total Cash and Investments				$138,614,665

NOTE 3 - CASH AND INVESTMENTS (Continued)

I. Concentration of Credit Risk

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total Government-wide investments are as follows at June 30, 2015:

Issuer	Type of Investments	Amount
Federal National Mortgage Association	Federal Agency Securities	$5,994,510
Federal Home Loan Mortgage Corporation	Federal Agency Securities	4,997,300

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, in Fiduciary Funds at June 30, 2015 were as follows:

Fiduciary Funds	Issuer	Type of Investment	Amount
Agency Funds:			
2006 A&B Reassessment District	City of Richmond JPFA	Municipal Bonds	$8,742,500
JPFA Reassessment	City of Richmond JPFA	Municipal Bonds	3,635,000

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, 2015 were as follows:

Due From Other Funds	Due To Other Funds	Amount
Internal Service Fund	Cost Recovery Special Revenue Fund	$8,527,374
	Community Development and Loan Programs Special Revenue Fund	1,212,400
	Richmond Housing Authority Enterprise Fund	1,294,877
	Port of Richmond Enterprise Fund	3,005,157
	Non Major Governmental Funds	3,476,855
	Non Major Enterprise Fund	2,328,495
	Total	$19,845,158

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Interfund Advances

At June 30, 2015 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	$700,000
	Community Development and Loan Programs Special Revenue Fund	174,067
	Municipal Sewer Enterprise Fund	901,396
	Non Major Enterprise Fund	167,451
Port of Richmond Enterprise Fund	General Fund	14,760,486
Non Major Enterprise Fund	Internal Service Funds	2,139,930
	Total	$18,843,330

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. 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 17, 2069. In addition, the City has agreed to fund a construction loan of $2.3 million, however no advances under this loan agreement were made as of June 30, 2015.

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, the Community Development and Loan Program Special Revenue 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. During fiscal year 2013, $6,600,000 of the advance was assumed by RHA Properties and is classified as a loan receivable, as discussed in Note 5, and the remaining balance of the interfund advance as of June 30, 2015 is $1,068,847.

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

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, 2015 is $14,760,486.

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 year 2015, therefore unpaid interest of $73,491 was added to the balance of the loan. The balance of the advance and accrued interest as of June 30, 2015 is $2,139,930.

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, 2015 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Non-Major Governmental Funds	$3,606,974
	Non-Major Enterprise Funds	500,000
Cost Recovery Fund	General Fund	4,259,670
	Non-Major Enterprise Funds	100,000
Community Development and Loan Programs Fund	General Fund	714,293
Non-Major Governmental Funds	General Fund	1,566,198
	Non-Major Governmental Funds	2,132,840
Port of Richmond Enterprise Fund	Non-Major Governmental Funds	421,513
Internal Service Funds	General Fund	1,114,081
	Total Interfund Transfers	$14,415,569

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

None of these transfers were unusual or non-recurring in nature, except for the transfer from the Secured Pension Override Special Revenue Fund to the General Fund in the amount of $1,729,780 to fund current year pension contributions to PERS, which is included in transfers from Non-Major Governmental Funds and the transfer from the General Fund to the Measure J Fund in the amount of $39,352 to fund disallowed project costs.

D. Internal Balances

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

NOTE 5 - NOTES AND LOANS RECEIVABLE

At June 30, 2015, notes and loans receivable consisted of the following:

	Amount
CalTrans Loan	$590,903
Police Chief Loan	67,849
East Bay Center for the Performing Arts	750,000
Groundwork Richmond	9,495
Richmond Neighborhood Stabilization Loans	1,011,214
Community Development Block Grant, Home Investment Partnership Program, EDA and CALHome Loans:	
Mechanics Bank Loans	41,096
Deferred Loans	5,004,260
Home Improvement Program Loans	934,902
Rental Rehabilitation Loans	335,832
Infill Phase II Loan	927,888
The Carquinez Project	148,490
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,952,468
Lillie Mae Jones Project Loan	976,541
Nevin Court Homeowner Development Project	343,839
EDA Loans	310,571
CALHome Program	1,794,934
Miraflores Loan	1,208,258
Subtotal - CDBG, HOME, EDA and CALHome Loans	13,979,079
Housing Successor Loans:	
Rental Rehabilitation Loans	30,700
The Carquinez Project	1,152,510
Creely Avenue Housing Rehabilitation Loan (Arbors)	1,928,809
Lillie Mae Jones Project Loan	2,343,365
Miraflores Loan	91,000
MacDonald Place Senior Housing	3,411,328
Heritage Park Development	150,497
Silent Second Mortgage Loans	1,989,161
Chesley Avenue Mutual Housing Development	4,741,492
Easter Hill Project	5,561,775
Subtotal - Housing Successor Loans	21,400,637
RHA Properties Loans	2,500,000
Total Notes and Loans Receivable	$40,309,177

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

CalTrans Loan

The total of $627,336 consists of two loans from the City of Richmond to Richmond Neighborhood Housing Services. These are pass-through loans from CalTrans for the construction of 27 new homes located in North Richmond.

Police Chief Loan

Under the Resolution Number 169-05, the City made a long-term loan of $150,000, and a short-term loan of $50,000, for a total loan amount of $200,000, to finance the acquisition of the new Police Chief's personal residence located within the City of Richmond. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within eighteen months after the Police Chief's employment with the City terminates, or fifteen years from the date of the loan, whichever occurs first. The loan bears a variable interest rate from the date of disbursement until repaid in full at an amount equal to the average annual interest rate of the California State Treasurer's Office Local Agency Investment Fund, adjusted effective as of each annual anniversary date of the close of escrow of the Property purchased by the Police Chief. The short-term loan of $50,000 was repaid during fiscal year 2006.

Richmond Art Center Loan

On June 5, 2012, the City approved a loan of $161,200 to the Richmond Art Center to finance the salaries and benefits of the Art Center staff for May and June 2012. The loan is secured by the Art Center's assets via a promissory note. The loan bears no interest and is payable in five equal installments of $32,240 starting May 31, 2013 and continuing on May 31st of each year with the final payment due on May 31, 2017. The remaining loan balance of $96,720 was forgiven during the fiscal year ended June 30, 2015.

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 18, 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 annual grant will be used to reduce the balance of the loan each fiscal year.

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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.

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 the 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, 2015, the total balance of outstanding loans for NSP1 was $1,011,214 and no NSP3 loans had been issued. Loans are payable upon the resale of improved properties.

Mechanics Bank Loans

Loans are amortized home improvement loans to low and moderate income borrowers and are repaid at 3% per annum. CDBG loan contracts are forwarded to Mechanics Bank for servicing.

Deferred Loans

Deferred loans are granted to low and moderate income families to assist them in purchasing their homes. Emergency repair loans not exceeding $10,000 funded by the HOME Investment Partnership Program (HIPP) are provided to low income families in Richmond to assist them in rehabilitating their existing housing units. These loans are required to be repaid over a period of 15 years to 30 years.

Home Improvement Program Loans

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

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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. 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, 2015, $927,888 had been drawn down on the loan.

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 18, 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: $1,539,056 in HOME funds, $75,000 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 18, 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.

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 18, 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, 2015, Lillie Mae Jones has drawn down $3,111,038.

Nevin Court Homeowner Development Project

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

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 18, 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 18, the CALHome loan program that was funded with grant funds is now administered by the City effective February 1, 2012.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

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. With the dissolution of the Redevelopment Agency as discussed in Note 18, 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 is due September 22, 2015. As of June 30, 2015, $1,299,258 of the loan had been drawn down.

Housing Successor Loans

With the dissolution of the Redevelopment Agency as discussed in Note 18, 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.

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.

Atchison Village Annex Apartments

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

In 2006, the former Redevelopment Agency made two additional loans to Atchison Village Associates, LP, of $44,000 and $100,000, collateralized by a deed of trust to finance the rehabilitation of low- and moderate-income housing. The loans bear no interest and the entire principle is due in 25 years. During the fiscal year ended June 30, 2015 all three of the loans were fully repaid.

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, 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, 2015

NOTE 5 - NOTES AND LOANS RECEIVABLE (Continued)

RHA Properties Loans

In fiscal years 2007 through 2014, the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll, as discussed in Note 4B, and RHA Properties assumed a portion of that advance during fiscal year 2013, which is now classified as a loan receivable.

On May 1, 2013, a Memorandum of Understanding (MOU) was reached between the Housing Authority and RHA Properties, which states that the RHA Properties shall provide resources derived from the sale proceeds of Westridge at Hilltop Apartments to pay a financial sanction imposed by the Office of the Inspector General (OIG) in an amount no less than $2,257,799 to the Housing Authority and to retire the outstanding debt owed to the General Fund by the Housing Authority in an amount no less than $6,600,000 upon disposition of Westridge at Hilltop Apartments by RHA Properties. Using the proceeds from the sale of Westridge at Hilltop Apartments, RHA Properties paid back to the City $7,717,728 of assumed debt during the fiscal year 2013-2014. Included in the repayment was the OIG Sanction debt of the $2,257,799, was fully repaid as of June 30, 2014.

As of June 30, 2014, the Housing Authority had invested $1,000,000 in start-up contributions and had advanced $966,183 to RHA Properties, which was used for debt service and operating expenses. The entire amount was repaid by RHA Properties from the proceeds of the disposition of the Westridge at Hilltop Apartments.

At June 30, 2014, total debt owed to the City of Richmond by the Authority was $3,687,450, out of which $2,500,000 was assumed by RHA Properties on behalf of the Authority, $1,187,450 remained with the Authority, which is included in the long term interfund advances in Note 4B.

Included in the $2,500,000 assumed by the RHA Properties was $1,359,929 of new debt owed by the Authority to the City of Richmond, which represented retroactive charges the City of Richmond billed during fiscal year 2013-2014 for the services the City had provided to the Authority prior to fiscal year 2013-2014. The entire amount of debt assumed by the RHA Properties is expected to be repaid off from a $2,500,000 repair reserve fund held in an escrow account from the sale of Westridge. Management expects that this fund will be released to RHA Properties in fiscal year 2016.

The total balance of the General Fund loan receivable from RHA Properties as of June 30, 2015 is $2,500,000.

NOTE 6 - CAPITAL ASSETS

A. Policies

Capital assets are valued at historical cost or at estimated fair value on the date donated. If actual historical costs are not available, assets have been valued at approximate historical cost. The City's policy is to capitalize assets costing at least $5,000, 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, 2015

NOTE 6 - CAPITAL ASSETS (Continued)

B. Current Year Activity

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

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Governmental activities					
Capital assets not being depreciated:					
Land	$14,428,675				$14,428,675
Construction in progress	64,261,716	$18,635,994	($1,155,192)	($25,347,604)	56,394,914
Total capital assets not being depreciated	78,690,391	18,635,994	(1,155,192)	(25,347,604)	70,823,589
Capital assets being depreciated:					
Buildings and improvements	151,291,694				151,291,694
Machinery and equipment	44,020,909	1,094,361	(1,739,091)	172,262	43,548,441
Land improvements and infrastructure	433,464,053			25,175,342	458,639,395
Total capital assets being depreciated	628,776,656	1,094,361	(1,739,091)	25,347,604	653,479,530
Less accumulated depreciation for:					
Buildings and improvements	(27,067,756)	(3,317,970)			(30,385,726)
Machinery and equipment	(29,705,409)	(3,259,222)	1,658,036		(31,306,595)
Land improvements and infrastructure	(340,716,719)	(13,536,207)			(354,252,926)
Total accumulated depreciation	(397,489,884)	(20,113,399)	1,658,036		(415,945,247)
Capital asset being depreciated, net	231,286,772	(19,019,038)	(81,055)	25,347,604	237,534,283
Governmental activity capital assets, net	$309,977,163	($383,044)	($1,236,247)		$308,357,872

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, 2015 were as follows:

Governmental Activities	
General Government	$3,510,625
Public Safety	1,011,073
Public Services	13,342,330
Community Development	5,087
Cultural and Recreational	170,733
Internal Service Funds	2,073,551
Total Governmental Activities	$20,113,399

NOTE 6 - CAPITAL ASSETS (Continued)

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

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
Business-type activities					
Capital assets not being depreciated:					
Land	$8,231,777				$8,231,777
Construction in progress	12,765,510	$17,110,551		($1,298,919)	28,577,142
Total capital assets not being depreciated	20,997,287	17,110,551		(1,298,919)	36,808,919
Capital assets being depreciated:					
Buildings and improvements	94,108,075	484,123		(10,253)	94,581,945
Machinery and equipment	17,764,112		($490,467)		17,273,645
Infrastructure	197,938,314			1,309,172	199,247,486
Total capital assets being depreciated	309,810,501	484,123	(490,467)	1,298,919	311,103,076
Less accumulated depreciation for:					
Buildings and improvements	(52,437,454)	(2,834,604)			(55,272,058)
Machinery and equipment	(11,546,137)	(816,434)	490,467		(11,872,104)
Infrastructure	(86,037,820)	(4,926,626)			(90,964,446)
Total accumulated depreciation	(150,021,411)	(8,577,664)	$490,467		(158,108,608)
Capital asset being depreciated, net	159,789,090	(8,093,541)		1,298,919	152,994,468
Business-type activity capital assets, net	$180,786,377	$9,017,010			$189,803,387

Business-type activities depreciation expenses for capital assets allocated to each program for the year ended June 30, 2015 were as follows:

Business-Type Activities	
Richmond Housing Authority	$2,421,400
Port of Richmond	3,476,105
Municipal Sewer	1,642,065
Richmond Marina	85,196
Storm Sewer	929,867
Cable TV	23,031
Total Business-Type Activities	$8,577,664

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 7 – NOTES PAYABLE

2014-2015 Tax and Revenue Anticipation Notes

On November 20, 2014, the City issued 2014-2015 Tax and Revenue Anticipation Notes, Series A in the amount of $16,000,000. The proceeds from the Note were used to provide funds to meet the City's anticipated cash flow needs for its fiscal year ending June 30, 2015. The note bore an interest rate of 1%. The Note was repaid on June 30, 2015.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Bond premiums 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, 2015:

	Balance July 01, 2014	Additions (A)	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Bonds payable	$244,677,169	$4,594,055	($5,658,000)	$243,613,224	$8,003,545	$235,609,679
Loans payable	2,631,887	11,204,840	(865,914)	12,970,813	137,941	12,832,872
Capital leases	11,186,685		(1,891,562)	9,295,123	1,350,232	7,944,891
Total	$258,495,741	$15,798,895	($8,415,476)	$265,879,160	$9,491,718	$256,387,442

(A) Additions to bonds payable include bond accretion for capital appreciation bonds totaling $4,594,055. Additions to loans payable include new loans payable in the amount of $11,204,840. Of that amount $515,257 is related to new loans and $10,659,909 is related to a new embedded loan from the interest rate swaption and its associated interest accrual in the amount of $29,404.

NOTE 8 – LONG-TERM DEBT OBLIGATIONS (Continued)

Bonds Payable

Bonds payable at June 30, 2015 consisted of the following:

	Net
Pension Obligation Bonds - 1999 Series A	$11,205,000
Pension Funding Bond Series 2005	145,286,679
JPFA Lease Revenue Refunding Bonds - 2009	87,121,545
Total	$243,613,224

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 $2,084,978 and $4,584,426, respectively.

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$1,625,000	$788,430	$2,413,430
2017	1,570,000	667,499	2,237,499
2018	1,520,000	550,543	2,070,543
2019	1,375,000	440,967	1,815,967
2020	885,000	355,426	1,240,426
2021-2025	3,120,000	952,302	4,072,302
2026-2030	1,110,000	154,308	1,264,308
Total	$11,205,000	$3,909,475	$15,114,475

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

These Bonds were issued to prepay the unfunded liability of the Miscellaneous and Safety pension plans provided through the California Public Employees' Retirement System (See Note 11). The Bonds consist of three series as shown below:

						Index Rate Conversion Data		
Bond Type & Series	Initial Interest Rate	Less: Credit Adjust-ment	Adjusted Interest Rate	Maturity Date	Original Principal Amount	Full Accretion Date	Adjusted Subsequent Interest Rate	Adjusted Maturity Value
Current Interest - 2005A	5.9350%	-0.1000%	5.8350%	8/1/13	$26,530,000	n/a	n/a	n/a
Convertible Auction Rate Securities, Capital Appreciation Bonds -								
2005B-1	6.2550%	-0.1000%	6.1550%	8/1/23	47,061,960	8/1/13	1 month LIBOR + 1.4%	$70,750,000
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
					$114,995,133			$198,718,000

Credit Adjustment - The Bonds were issued on November 1, 2005 in a private placement at the initial interest rates. Included in the Indenture were provisions which adjust the initial interest rates on each series based on the City's meeting certain conditions. As a result of the City issuing its June 30, 2005 financial statements and receiving an upgraded credit rating of A3 by Moody's by May 1, 2006, the initial interest rates were reduced by $1/10^{th}$ 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 is limited to 17 percent per year. Following the applicable Full Accretion Date, interest on the converted bond series is due semiannually each February 1 and August 1. The Series 2005B-1 Bonds are due in annual installments from 2014 to 2023 ranging from $4,468,000 to $11,593,000. The 2005B-2 Bonds are due in annual installments from 2024 to 2034 ranging from $6,466,000 to $18,538,000.

Optional Auction Rate Conversion – On the respective Full Accretion Date, the 2005B-1 and the 2005B-2 Bonds may be converted to Auction Rate Bonds provided that certain conversion requirements are met. Auction rates fluctuate according to the market conditions is limited to a maximum 17 percent per year and a minimum of 80 percent of the LIBOR index rate. The Series 2005B-1 Bonds did not convert to auction rate bonds, and were instead converted to index rate bonds, as discussed above.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap Agreements - The City entered into two interest rate swap agreements related to the 2005B-1 and 2005B-2 Bonds. 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 7.015% at June 30, 2015. Because neither the variable rate nor the swap rates are effective for the 2005B-2 Bonds as of June 30, 2015 the initial bond interest rates discussed above are used for disclosure purposes.

At June 30, 2015, the Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$198,718,000	$4,594,055	($58,025,376)	$145,286,679

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$4,692,000	$6,690,975	$11,382,975
2017	5,660,000	6,299,574	11,959,574
2018	6,653,000	5,838,657	12,491,657
2019	7,720,000	5,303,322	13,023,322
2020	8,366,000	4,720,206	13,086,206
2021-2025	44,125,000	13,949,764	58,074,764
2026-2030	44,228,000	7,747,022	51,975,022
2031-2035	77,274,000	2,849,441	80,123,441
Total	$198,718,000	$53,398,961	$252,116,961

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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The Series 2009 Bonds in the principal amount of $87,121,545 have been recorded as governmental activities debt, and $113,455 has been recorded as business-type activities as discussed in Note 8B below.

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

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

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$1,686,545	$5,297,431	$6,983,976
2017	1,880,000	5,214,316	7,094,316
2018	1,970,000	5,115,233	7,085,233
2019	2,080,000	5,006,154	7,086,154
2020	2,190,000	4,891,022	7,081,022
2021-2025	12,995,000	22,353,665	35,348,665
2026-2030	17,580,000	17,643,372	35,223,372
2031-2035	26,435,000	10,768,941	37,203,941
2036-2038	20,305,000	1,943,095	22,248,095
Total	$87,121,545	$78,233,229	$165,354,774

Interest Rate Swap and Swaption Agreements

The City entered into interest swap agreements in connection with the 2005B-1 Taxable Pension Funding Bonds and the 2009 Lease Revenue Refunding 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.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

The City entered into an option on swap agreement (swaption) in connection with the anticipated refunding of the 2009 Lease Revenue Refunding Bonds. See further discussion of the swaption in the loans payable section of Note 8A below.

Terms. The terms, including the counterparty credit ratings of the outstanding swaps, as of June 30, 2015, are included below. The swap agreements contain scheduled reductions to the outstanding notional amount on an annual basis.

Pay-Fixed, Receive-Variable Swap and Swaption 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.

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, 2015	Termination Date
2005B-1 Taxable Pension Funding Bonds							
$75,218,000	8/1/2013	JPMorgan Chase Bank N.A.	A+/Aa2/AA-	5.712%	100% of USD- 3 Month LIBOR	($13,316,000)	8/1/2023
2005B-2 Taxable Pension Funding Bonds							
$127,990,254	8/1/2023	JPMorgan Chase Bank N.A.	A+/Aa2/AA-	5.730%	100% of USD-3 Month LIBOR	($15,364,000)	8/1/2034
Civic Center Refunding Swaption Agreement							
$77,315,000	8/1/2019	Royal Bank of Canada	AA-/Aa3/AA	4.800%	80% of USD-3 Month LIBOR	($3,512,877)	8/1/2037

Pay Variable, Receive Variable Swap Agreement

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

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2015	Termination Date
2009 Lease Revenue Refunding Bonds							
$82,800,000	12/1/2009	Royal Bank of Canada	AA-/Aa3/AA	100% of SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	($9,456,000)	8/1/2037

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

As of June 30, 2015, 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, 2015	
	Classification	Amount	Classification	Amount
Governmental Activities				
Pay-Fixed, Receive-Variable				
2005B-1 Taxable Pension Funding Bonds	Investment revenue	$1,280,000	Investment	($13,316,000)
2005B-2 Taxable Pension Funding Bonds	Investment revenue	(5,040,600)	Investment	(15,364,000)
Civic Center Refunding Swaption Agreement	Investment revenue	(3,512,877)	Investment	(3,512,877)
Pay-Variable, Receive-Variable				
2009 Lease Revenue Refunding Bonds	Investment revenue	2,150,756	Investment	(9,456,000)
Totals		($5,122,721)		($41,648,877)

Credit risk. The fair values of the swaps represent the City's credit exposure to the counterparties. As of June 30, 2015, the City was not exposed to credit risk on the outstanding swaps because the swaps had negative fair values. However, if *interest* rates change and the fair value of the swaps were to become positive, the City would be exposed to credit risk.

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

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

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

Swap payments and associated debt. Using rates as of June 30, 2015, debt service requirements of the City's outstanding fixed rate 2009 Lease Revenue Refunding Bonds and net swap payments, assuming current interest rates remain the same for their term, are as follows. The 2005B-2 Bond is not included in the tables, because the swap is not effective until August 1, 2023, and the Civic Center Refunding Swaption is not included because the associated swap is not effective until August 1, 2019. As rates vary, net swap payments will vary. The payments below for the 2009 Bonds and the 2005 Pension Bonds are included in the Debt Service Requirements above:

2009 Lease Revenue Refunding Bonds

For the Years	Fixed-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net	Total
2016	$1,800,000	$4,891,038	$408,662	$7,099,700
2017	1,880,000	4,815,088	399,228	7,094,316
2018	1,970,000	4,725,888	389,345	7,085,233
2019	2,080,000	4,627,238	378,916	7,086,154
2020	2,190,000	4,523,088	367,934	7,081,022
2021-2025	12,995,000	20,701,933	1,651,732	35,348,665
2026-2030	17,580,000	16,380,626	1,262,746	35,223,372
2031-2035	26,435,000	10,040,228	728,713	37,203,941
2036-2038	20,305,000	1,839,022	104,073	22,248,095
Total	$87,235,000	$72,544,149	$5,691,349	$165,470,498

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

2005 Taxable Pension Funding Bonds

For the Years	Variable-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net (A)	Total
2016	$4,692,000	$3,083,259	$4,440,425	$12,215,684
2017	5,660,000	2,994,777	3,607,716	12,262,493
2018	6,653,000	2,890,579	3,304,797	12,848,376
2019	7,720,000	2,769,558	2,948,078	13,437,636
2020	8,366,000	2,637,735	2,533,764	13,537,499
2021-2025	44,125,000	10,934,100	3,015,664	58,074,764
2026-2030	44,228,000	7,747,022		51,975,022
2031-2035	77,274,000	2,849,441		80,123,441
Total	$198,718,000	$35,906,471	$19,850,444	$254,474,915

(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, 2015 consisted of the following:

CalTrans Home Loans	$499,589
California Energy Commission Loan #1	542,875
California Energy Commission Loan #2	1,239,036
Interest Rate Swaption - Embedded Loan	10,689,313
	$12,970,813

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

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

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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
2016	$44,668	$15,997	$60,665
2017	46,061	14,605	60,666
2018	47,453	13,213	60,666
2019	48,888	11,778	60,666
2020	50,338	10,328	60,666
2021-2025	275,586	27,741	303,327
2025-2026	29,881	449	30,330
Total	$542,875	$94,111	$636,986

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
2016	$70,757	$18,881	$89,638
2017	78,150	11,488	89,638
2018	78,933	10,705	89,638
2019	79,724	9,914	89,638
2020	80,499	9,139	89,638
2021-2025	414,873	33,318	448,191
2026-2030	436,100	12,092	448,192
Total	$1,239,036	$105,537	$1,344,573

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Department of Toxic Substances Loan – Original Amount $800,000

On November 6, 2013, the City entered into a loan agreement with the State of California Department of Toxic Substances Control in the amount of $800,000. The purpose of the loan is to cover the costs of additional cleanup activities for a site located at 47th Street and Wall Avenue. The loan bears interest at 3.250% and interest is payable on a quarterly basis beginning in February 2014 with the full amount of the principal and interest due on March 1, 2019, however, the loan balance was fully repaid during the year ended June 30, 2015.

Option on Interest Rate Swap Agreement (Swaption)

On July 9, 2014 the Richmond Joint Powers Financing Authority entered into an option to enter a swap at a future date (swaption) agreement with the Royal Bank of Canada (RBC). The swaption counterparty, RBC, is the holder of the option and has the right, but not the obligation, to place the City into a pay-fixed, receive variable swap in the future. Upon entering into the swaption, the City receives an up-front payment from RBC. The majority of the payment is a result of the option being in-the-money at inception, which means the written option has intrinsic value as the swaption's fixed rate is greater than the at-the-market rate. The remainder of the up-front payment reflects the time value that RBC pays for holding the option. To the City, the time value portion of the payment represents deferred investment revenue. This transaction is reported as a hybrid instrument. The intrinsic value of the swaption is considered a borrowing for financial reporting purposes and is treated as a liability or loan payable in the government-wide financial statements. Interest is accreted to the balance of the liability from inception through the swaption's exercise date. Thereafter, assuming the swaption is exercised, there are level amortization payments attributed to the borrowing. The other element of the hybrid instrument is measured at fair value. Fair value changes are reported within the investment revenue classification as noted in the Interest Rate Swaps section above.

The City entered into the swaption to effect a refunding of the Richmond Joint Powers Financing Authority Civic Center Project Lease Revenue Bonds, Series 2009, in order to realize substantial debt service savings. The Bonds are subject to early redemption on or after August 1, 2019, however due to the market's interest rates in July 2014, if the Authority refunded the bonds, the negative arbitrage associated with an advanced refunding would offset the potential debt service savings. The swaption agreement allows the Authority to capture the estimated savings of the future refunding without issuing refunding bonds until a later date.

In addition to the risks discussed in the Interest Rate Swaps section above, the swaption is subject to *market-access risk*, which is the risk that the City will not be able to enter credit markets or that credit will become more costly in the future. To complete the swaption's objective, the issuance of refunding bonds is planned in the future and, if at that time the City is unable to enter credit markets, the expected cost savings may not be realized.

The swaption agreement was issued in the notional amount of $77,315,000 and the City received an upfront payment in the amount of $10,659,909, which represents the embedded loan payable, and incurred costs of issuance that resulted in a net cash payment of $9,386,000.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Interest of $29,404 accreted on the embedded loan during fiscal year 2015 and the balance of the loan as of June 30, 2015 was $10,689,313.

The borrowing as of June 30, 2015 resulted in a derivative investment with a fair value liability of $3,512,877 as noted in the Interest Rate Swaps section above.

Under the terms of the future swap agreement the City will pay fixed interest of 4.8% on a semi-annual basis commencing February 1, 2020 and receive quarterly interest payments of 80% of 3 month LIBOR commencing November 1, 2019. The swaption agreement will terminate on August 1, 2037. The City expects that if the swaption is exercised, it will finance the cash settlement amount as part of a refunding bond issuance relating to the JPFA Civic Center Bonds.

Capital Leases

Capital leases payable at June 30, 2015 consisted of the following:

Qualified Energy Conservation Lease	$822,793
JPFA Recovery Zone Economic Development Lease	991,024
Holman Capital Corporation Lease #1	353,707
Holman Capital Corporation Lease #2	876,940
Holman Capital Corporation Lease #3	278,951
Holman Capital Corporation Lease #4	1,657,242
Street Light Capital Lease	4,314,466
Total	$9,295,123

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 2015 was $32,823. The lease bears interest at a rate of 6.79% and principal and interest payments are due semi-annually each June 15 and December 15 commencing on December 15, 2011 through 2026.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - 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
2016	$65,076	$54,770	$119,846
2017	66,865	50,322	117,187
2018	68,703	45,751	114,454
2019	70,591	41,054	111,645
2020	72,531	36,228	108,759
2021-2025	393,680	103,980	497,660
2026	85,347	4,356	89,703
Total	$822,793	$336,461	$1,159,254

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

On December 22, 2010 the Authority entered into a capital lease with Bank of America in the amount of $1,316,000 to finance the improvements to three of the City's fire stations and a senior center. The City agreed to lease the three fire stations to the Authority in exchange for lease payments in the amount of the debt. The Authority received the lease proceeds under an allocation of the National Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act of 2009, which includes a direct subsidy from the United States Treasury for the interest payable on the Bonds. The lease subsidy will be payable on or about the date that the Authority makes its debt service payments and is equal to 45% of the interest payable on the lease upon filing of a request by the Authority. The total subsidy received in fiscal year 2015 was $28,489. 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
2016	$79,308	$63,139	$142,447
2017	82,169	57,938	140,107
2018	85,133	52,549	137,682
2019	88,203	46,966	135,169
2020	91,385	41,182	132,567
2021-2025	508,809	111,570	620,379
2026	56,017	1,821	57,838
Total	$991,024	$375,165	$1,366,189

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Holman Capital Corporation Lease #1– Police and Fire Radios – Original Amount $2,711,743

On November 30, 2011, the City entered into a capital lease agreement with Holman Capital Corporation to finance police and fire department radios. The lease bears an interest rate of 2.47%. Principal and interest payments on the lease are due semi-annually on each May 31 and November 30 commencing on November 30, 2011 through 2015.

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$353,707	$4,368	$358,075

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$342,808	$24,232	$367,040
2017	353,377	13,661	367,038
2018	180,755	2,766	183,521
Total	$876,940	$40,659	$917,599

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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - 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
2016	$66,302	$8,794	$75,096
2017	68,541	6,555	75,096
2018	70,857	4,239	75,096
2019	73,251	1,846	75,097
Total	$278,951	$21,434	$300,385

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
2016	$185,081	$51,079	$236,160
2017	190,994	45,166	236,160
2018	197,097	39,063	236,160
2019	203,395	32,766	236,161
2020	209,893	26,267	236,160
2021-2023	670,782	37,699	708,481
Total	$1,657,242	$232,040	$1,889,282

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.

NOTE 8 - 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
2016	$257,950	$108,419	$366,369
2017	275,629	101,731	377,360
2018	313,719	94,586	408,305
2019	352,159	86,211	438,370
2020	370,787	77,114	447,901
2021-2025	2,161,202	231,615	2,392,817
2026-2027	583,020	12,802	595,822
Total	$4,314,466	$712,478	$5,026,944

B. Business-Type Activities

The following is a summary of long-term debt of business-type activities during the fiscal year ended June 30, 2015:

	Balance July 01, 2014	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Bonds payable	$133,956,455	($5,104,325)	$128,852,130	$4,923,455	$123,928,675
Loans and leases payable	2,935,889	(74,700)	2,861,189	78,062	2,783,127
Total	$136,892,344	($5,179,025)	$131,713,319	$5,001,517	$126,711,802

Bonds payable at June 30, 2015 consisted of the following:

Wastewater Revenue Bonds Series 2006A	$11,141,979
Wastewater Refunding Revenue Bonds 2008A	32,768,627
2009 Lease Revenue Bonds - Port Portion	83,652
2009A Point Potrero Lease Revenue Bonds	26,652,922
2009B Point Potrero Lease Revenue Bonds	15,248,036
Wastewater Revenue Bonds Series 2010A	2,167,345
Wastewater Revenue Bonds Series 2010B	40,789,569
Total	$128,852,130

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Wastewater Revenue Refunding Bonds Series 2006A and 2006B – Original Issue $48,830,000

On October 17, 2006 the City issued $16,570,000 of Wastewater Revenue Bonds, Series 2006A and $32,260,000 of Wastewater Revenue Bonds, Series 2006B to refund the remaining $38,516,264 principal amount of the Wastewater Revenue Bonds, Series 1999 and to fund certain capital costs of the City's Wastewater Enterprise. Net proceeds were used to purchase U.S. government securities placed in an irrevocable trust to provide all the future debt service payments for the 1999 Wastewater Bonds. The outstanding defeased bonds were called during the fiscal year ended June 30, 2010. During the fiscal year ended June 30, 2009, the City issued $33,015,000 of Wastewater Revenue Refunding Bonds, Series 2008A to refund the 2006B Bonds.

At June 30, 2015, the Bonds consisted of the following:

Bonds outstanding:	$10,735,000
Unamortized premium	406,979
Net	$11,141,979

Principal and interest payments are due semi-annually on February 1 and August 1 of each year through August 2022 for the Series 2006A bonds. The annual debt service requirements on the 2006A Bonds are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$1,145,000	$435,750	$1,580,750
2017	1,205,000	377,000	1,582,000
2018	1,265,000	321,575	1,586,575
2019	1,315,000	269,975	1,584,975
2020	1,365,000	216,375	1,581,375
2021-2023	4,440,000	298,038	4,738,038
Total	$10,735,000	$1,918,713	$12,653,713

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

On October 17, 2008 the City issued Series 2008A Wastewater Revenue Refunding Bonds in the amount of $33,015,000. The proceeds from the Bonds were used to refund the City's 2006B Wastewater Revenue Bonds. The 2008A Bonds were issued as variable rate Bonds. The rate fluctuates according to the market conditions, but is capped at 12%. Along with the issuance, the City entered into an irrevocable, direct-pay letter of credit issued by Union Bank of California in order to remarket the bonds at lower interest rates. The Union Bank letter of credit is valid through October 21, 2016. 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 3.610% at June 30, 2015.

At June 30, 2015, the Bonds consisted of the following:

Bonds outstanding	$32,935,000
Unamortized discount	(166,373)
Net	$32,768,627

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$20,000	$1,435,866	$1,455,866
2017	20,000	1,436,389	1,456,389
2018	20,000	1,435,472	1,455,472
2019	20,000	1,435,342	1,455,342
2020	20,000	1,435,168	1,455,168
2021-2025	3,410,000	6,978,730	10,388,730
2026-2030	9,585,000	5,277,333	14,862,333
2031-2035	11,645,000	2,927,518	14,572,518
2036-2039	8,195,000	422,660	8,617,660
Total	$32,935,000	$22,784,478	$55,719,478

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

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

The Series 2009 Bonds in the principal amount $87,121,545 have been recorded as governmental activities debt, and $113,455 has been recorded as business-type activities in the Port of Richmond Enterprise Fund.

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

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

At June 30, 2015, the Bonds consisted of the following:

Bonds outstanding:	$113,455
Unamortized discount	(29,803)
Net	$83,652

The annual debt service requirements are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$113,455	$2,269	$115,724

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Interest Rate Swap Agreements

On November 19, 2009, the City terminated the swap agreement associated with the 2006B Wastewater Revenue Refunding Bonds discussed above by using the proceeds from a swap agreement that is based on the $32,260,000 notional amount of the 2006B Bonds. In connection with the 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.

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

Terms. The terms, including the counterparty credit rating of the outstanding 2006B Bonds swap, as of June 30, 2015, 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, 2015	Termination Date
$32,260,000	11/23/2009	Royal Bank of Canada	AA-/Aa3/AA	3.897%	63.42% of USD-1 Month LIBOR plus 22 basis points	($8,992,000)	8/1/2037

Based on the swap agreement, the City owes interest calculated at a fixed rate to the counterparty of the swap. In return, the counterparty owes the City interest based on the variable rate that *approximates* the rate required by the Bonds. Debt principal is not exchanged; the outstanding notional amount of the swap is the basis on which the swap receipts and payments are calculated.

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

As of June 30, 2015, the fair value for the each of the outstanding swaps were in favor of the respective counterparties. The fair value represents the maximum loss that would be recognized at the reporting date if the counterparty failed to perform as contracted. The City has accounted for the change in fair value of each of the ineffective hedges as noted below:

	Changes in Fair Value		Fair value at June 30, 2015	
	Classification	Amount	Classification	Amount
Business-Type Activities				
Pay-Fixed, Receive-Variable				
2006B Wastewater Bonds	Investment revenue	($856,000)	Investment	($8,992,000)
Pay-Variable, Receive-Variable				
2009 Lease Revenue Refunding Bonds	Investment revenue	78,952	Investment	(12,292)
Totals		($777,048)		($9,004,292)

Credit risk. As of June 30, 2015, the City was not exposed to credit risk on the outstanding swaps because the swaps had a negative fair value. However, if interest rates increase and the fair value of the swaps were to become positive, the City would be exposed to credit risk. The City will be exposed to interest rate risk only if the counterparty to the swap defaults or if the swap is terminated.

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

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

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

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.

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

Swap payments and associated debt. Using rates as of June 30, 2015, debt service requirements of the City's outstanding variable-rate Bonds and net swap payments, assuming current interest rates remain the same for their term are as follows. As rates vary, variable-rate bond *interest payments* and net swap payments will vary. These payments below are included in the Debt Service Requirements above:

For the Years	Variable-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net	Total
2016	$20,000	$287,700	$1,148,166	$1,455,866
2017	20,000	288,223	1,148,166	1,456,389
2018	20,000	287,306	1,148,166	1,455,472
2019	20,000	287,176	1,148,166	1,455,342
2020	20,000	287,002	1,148,166	1,455,168
2021-2025	3,410,000	1,412,651	5,566,079	10,388,730
2026-2030	9,585,000	1,105,175	4,172,158	14,862,333
2031-2035	11,645,000	647,556	2,279,962	14,572,518
2036-2039	8,195,000	129,034	293,626	8,617,660
Total	$32,935,000	$4,731,823	$18,052,655	$55,719,478

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 2025 for the Series 2009A and through 2020 for the Series 2009B Bonds.

At June 30, 2015 the Series 2009A Bonds consisted of:

Bonds outstanding	$26,830,000
Unamortized discount	(177,078)
Net	$26,652,922

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2016		$1,676,875	$1,676,875
2017		1,676,875	1,676,875
2018		1,676,875	1,676,875
2019		1,676,875	1,676,875
2020		1,676,875	1,676,875
2021-2025	$26,830,000	4,948,125	31,778,125
Total	$26,830,000	$13,332,500	$40,162,500

At June 30, 2015 the Series 2009B Bonds consisted of:

Bonds outstanding	$15,425,000
Unamortized discount	(176,964)
Net	$15,248,036

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$2,610,000	$1,185,156	$3,795,156
2017	2,830,000	956,838	3,786,838
2018	3,065,000	709,419	3,774,419
2019	3,320,000	441,419	3,761,419
2020	3,600,000	151,031	3,751,031
Total	$15,425,000	$3,443,863	$18,868,863

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

On October 7, 2010 the City issued Series 2010A Wastewater Revenue Bonds in the amount of $3,110,000. The proceeds from the Bonds were used to finance improvements to the City's wastewater collection, treatment and disposal system. Principal payments are due annually on August 1. Interest rates on the Bonds range from 3% to 4% and payments are due semiannually on August 1 and February 1 beginning February 1, 2011. The Bonds mature on August 1, 2016. At June 30, 2015 the Series 2010A Bonds consisted of:

Bonds outstanding	$2,105,000
Unamortized premium	62,345
Net	$2,167,345

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$1,035,000	$60,913	$1,095,913
2017	1,070,000	21,400	1,091,400
Total	$2,105,000	$82,313	$2,187,313

On October 7, 2010 the City also issued Series 2010B Wastewater Revenue Bonds Taxable Build America Bonds in the amount of $41,125,000. The proceeds of these Bonds will be used in conjunction with the 2010A Bonds for the projects listed above. The taxable 2010B Bonds were sold as "Build America Bonds" pursuant to the American Recovery and Reinvestment Act of 2009. The interest on Build America Bonds is not tax-exempt and therefore the bonds carry a higher interest rate. However, this higher interest rate will be offset by a subsidy payable by the United States Treasury equal to 35% 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 2015 was $799,729. 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, 2015 the Series 2010B Bonds consisted of:

Bonds outstanding	$41,125,000
Unamortized discount	(335,431)
Net	$40,789,569

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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

For the Years Ending June 30,	Principal	Interest	Total
2016		$2,463,546	$2,463,546
2017		2,463,546	2,463,546
2018	$1,115,000	2,442,601	3,557,601
2019	1,145,000	2,397,359	3,542,359
2020	1,175,000	2,347,247	3,522,247
2021-2024	6,450,000	10,803,862	17,253,862
2026-2030	7,700,000	8,810,346	16,510,346
2031-2035	9,395,000	6,134,333	15,529,333
2036-2040	11,540,000	2,766,277	14,306,277
2041	2,605,000	84,155	2,689,155
Total	$41,125,000	$40,713,272	$81,838,272

Pledge of Wastewater Revenues

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the 2006A, 2008A, 2010A and 2010B Bonds through 2041. The Municipal Sewer Enterprise Fund's total principal and interest remaining to be paid on the bonds is $152,398,776. The Municipal Sewer Enterprise Fund's principal and interest paid for the current year and total customer net revenues were $6,651,302 and $9,568,125, respectively.

Loans and Leases Payable

Loans and leases payable at June 30, 2015, consisted of the following:

California Department of Boating and Waterways	$2,861,189

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

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, 2015 was $2,861,189.

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$78,062	$128,754	$206,816
2017	81,574	125,241	206,815
2018	85,246	121,570	206,816
2019	89,081	117,734	206,815
2020	93,090	113,725	206,815
2021-2024	532,184	501,891	1,034,075
2026-2030	663,198	370,877	1,034,075
2031-2035	694,591	213,369	907,960
2036-2040	532,588	76,613	609,201
2041-2043	11,575	1,055	12,630
Total	$2,861,189	$1,770,829	$4,632,018

C. Business-Type Activities – RHA Properties

The following is a summary of RHA Properties long-term debt activities during the fiscal year ended June 30, 2015:

	Balance July 01, 2014	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Loans payable	$2,500,000			$2,500,000	$2,500,000

Loans Payable

In fiscal years 2007 through 2014, the General Fund made advances to the Richmond Housing Authority Enterprise Fund for police, sewer, and other services as well as the Housing Authority's employee payroll, as discussed in Note 4B, and RHA Properties assumed a portion of that advance during fiscal years 2013 and 2014, which is reported as a loan payable.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

On May 1, 2013, a Memorandum of Understanding (MOU) was reached between the Housing Authority and RHA Properties, which states that the RHA Properties shall provide resources derived from the sale proceeds of the Westridge at Hilltop Apartments to pay a financial sanction imposed by the Office of the Inspector General (OIG) in an amount no less than $2,257,799 to the Housing Authority and to retire the outstanding debt owed to the General Fund by the Housing Authority in an amount no less than $6,600,000. Upon disposition of the Westridge at Hilltop Apartments, RHA Properties had paid back to the City $7,717,728 of assumed debt during fiscal year 2013-2014. Included in the repayment was the OIG Sanction debt of $2,257,799, which had been fully repaid as of June 30, 2014.

As of June 30, 2013, the Housing Authority had invested $1,000,000 in start-up contributions and had advanced $966,183 to RHA Properties, which was used for debt service and operating expenses. The entire amount was repaid by RHA Properties from the proceeds of the disposition of the Westridge at Hilltop Apartments.

At June 30, 2015, total debt owed to the City by the Authority related to the above activity was $5,037,790, of which $2,500,000 was assumed by RHA Properties on behalf of the Authority in fiscal year 2014; $2,537,790 remains with the Authority. Included in the $2,500,000 assumed by the RHA Properties was $1,359,929 of new debt owed by the Authority to the City, which represents retroactive charges the City billed during fiscal year 2013-2014 for the services the City had provided to the Authority prior to fiscal year 2013-2014. The entire amount of debt assumed by the RHA Properties is expected to be paid off from the $2,500,000 of repair reserve fund withheld in the escrow account associated with the sale of the Westridge at Hilltop Apartments when the fund is to be released to RHA Properties.

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, 2015, the balances of these Districts' outstanding debt were as follows:

Harbor Navigation Improvement District	$385,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006A (including Series 2006AT)	7,765,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2006B	1,565,000
Richmond JPFA Reassessment Revenue Refunding Bonds, Series 2011A	3,635,000

NOTE 8 - LONG-TERM DEBT OBLIGATIONS (Continued)

E. Conduit Debt

The City has assisted private-sector entities by sponsoring their issuance of debt for purposes the City deems to be in the public interest. These debt issues are secured solely by the property financed by the debt. The City is not legally or morally obligated to pay these debts or be the purchaser of last resort of any foreclosed properties secured by these debts, nor is it obligated to advance City funds to repay these debts in the event of default by any of these issuers. At June 30, 2015, the balances of these issuers' outstanding debt were as follows:

YMCA of the East Bay, 1996 Revenue Bonds	$1,285,000

NOTE 9 - UNAVAILABLE REVENUE AND UNEARNED REVENUE

At June 30, 2015, 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	Grants Receivable	Total
General Fund	$505,218	$679,475	$1,184,693
Cost Recovery Special Revenue Fund	427,576	188,425	616,001
Community Development and Loan Programs Special Revenue Fund	15,649,763	243,655	15,893,418
Non-Major Governmental Funds	1,011,214	2,550,697	3,561,911
Total	$17,593,771	$3,662,252	$21,256,023

At June 30, 2015, the following unearned revenues were recorded in the City-wide financial statements on the Statement of Net Position:

	CAD Fees Enhancement	Environmental and Community Investment Agreement	Prepaid Rent	Developer Fees & Other	Total
General Fund			$3,736,051	$516,150	$4,252,201
Cost Recovery Special Revenue Fund				1,712,077	1,712,077
Chevron Modernization Special Revenue Fund		$3,971,138			3,971,138
Non-Major Governmental Funds			3,219,405	285,605	3,505,010
Port of Richmond Enterprise Fund				500,000	500,000
Internal Service Funds	$1,197,765				1,197,765
Total	$1,197,765	$3,971,138	$6,955,456	$3,013,832	$15,138,191

NOTE 10 - FUND BALANCES AND NET POSITION

A. Use of Restricted/Unrestricted 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.

B. 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."

C. Fund Balances

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

The City's fund balances are classified 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.

NOTE 10 - FUND BALANCES AND NET POSITION (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, 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.

Detailed classifications of the City's fund balances, as of June 30, 2015, are below:

		Special Revenue			
Fund Balance Classifications	General Fund	Cost Recovery	Community Development and Loan Programs	Other Governmental Funds	Total
Nonspendable:					
Items not in spendable form:					
Prepaids, supplies and other assets	$585,167			$484	$585,651
Loans receivable	2,663,029				2,663,029
Advance to other funds	15,460,486				15,460,486
Total Nonspendable Fund Balances	18,708,682			484	18,709,166
Restricted for:					
Street Improvement Projects				2,645,289	2,645,289
Employment and Training Programs				1,915,487	1,915,487
Public Safety Grant Programs (Police and Fire)				652,623	652,623
Lighting and Landscaping				938,910	938,910
Pension Obligations				358	358
Housing and Community Development			$23,655,312	606,141	24,261,453
Debt Service				7,038,944	7,038,944
Other Capital Projects				3,564,538	3,564,538
Total Restricted Fund Balances			23,655,312	17,362,290	41,017,602
Assigned to:					
Other Capital Projects				430,083	430,083
Other Contracts	23,934				23,934
Total Assigned Fund Balances	23,934			430,083	454,017
Unassigned:					
General Fund	9,949,120				9,949,120
Other Governmental Fund Deficit Residuals		($8,646,635)		(1,108,495)	(9,755,130)
Total Unassigned Fund Balances	9,949,120	(8,646,635)		(1,108,495)	193,990
Total Fund Balances (Deficits)	$28,681,736	($8,646,635)	$23,655,312	$16,684,362	$60,374,775

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 - FUND BALANCES AND NET POSITION (Continued)

D. Contingency Reserve Policy

In Fiscal Year 2004-05, the City Council established a $10 million general fund contingency reserve policy. Although the policy called for the contingency reserve to be fully funded over a period of five fiscal years, the City fully funded the contingency reserve, in part by depositing $8 million from one-time revenue sources, ahead of schedule during Fiscal Year 2005-06. In April 2007, the City Council adopted an update to the policy, providing for a minimum cash reserve of 7 - 15% of the next year's budgeted General Fund expenditures. The reserve can be temporarily reduced to 7% in times of emergency, but must be restored thereafter. This is the minimum needed to maintain the City's creditworthiness and to adequately provide for economic and legislative uncertainties, cash flow needs and contingencies. City Council approval is required before any cash can be withdrawn from the reserve fund. At the time of City Council approval of any use of reserves, a Stabilization Policy laying out the plans for restoration of reserves must be simultaneously put in place with the Council's approval. The Council shall have the discretion to use the reserve for one time emergencies only and not to be used for ongoing expenses. As the City experiences net revenue gains in future years, the cash balance must grow back to 15% of total expenditures, following the stabilization policy, in order to allow the City to build up its capacity to handle future short term economic downturns or emergencies without cutting services. The City's current $10 million contingency reserve equals approximately 7.3% of budgeted general fund expenditures for fiscal year 2014-15. The City plans to reach the 15% target reserve level by retaining investment earnings, calculated on the principal balance of the reserve each fiscal year, in the reserve account until the target is reached, when funding is available. The balance of the contingency reserve was $10 million at June 30, 2015, which is a component of unassigned fund balance of the General Fund. The General Fund contingency reserve was not fully funded as of June 30, 2015.

E. Deficit Fund Balances and Accumulated Deficits

At June 30, 2015, the following funds had deficit fund balance or deficit net position, which will be eliminated by future revenues:

Major Funds:	
Cost Recovery Special Revenue Fund	$8,646,635
Non Major Governmental Funds:	
Paratransit Operations Special Revenue Fund	253,714
Developer Impact Fees Special Revenue Fund	514,986
Civic Center Debt Service Fund	339,795
Non Major Enterprise Funds:	
Storm Sewer	2,111,224
Cable TV	396,987
Internal Service Fund:	
Insurance Reserves	6,909,892
Private-Purpose Trust Fund:	
Successor Agency to the Richmond Community Redevelopment Agency	59,944,955

NOTE 10 - FUND BALANCES AND NET POSITION (Continued)

F. Restatements and Adjustments of Fund Balance and Net Position

During fiscal year 2015 the City implemented new accounting pronouncements, adopted revised accounting policies and made other corrections that resulted in restatements or adjustments to beginning net position or fund balance. Below is a summary of those restatements and adjustments which are described in detail following the table:

	Governmental Activities	Business-Type Activities	Governmental Funds	Enterprise Funds	Internal Service Funds
Beginning balance as previously reported	$130,129,060	$79,607,922	$51,536,955	$79,607,922	$4,532,501
Restatements:					
Accounts Receivable	(1,724,593)		(1,724,593)		
Loans Receivable	2,263,938		2,263,938		
Unavailable Revenue	2,234,387		1,767,299		
Implementation of GASB 68 and 71:					
Net Pension Asset	(93,063,156)				
Net Pension Obligation	171,461				
Pension Related Deferred Outflows	14,882,773	819,269		819,269	211,376
Net Pension Liability	(246,403,278)	(13,826,908)		(13,826,908)	(3,625,821)
Beginning balance, as restated	($191,509,408)	$66,600,283	$53,843,599	$66,600,283	$1,118,056

Accounts Receivable – During fiscal year 2015, City staff discovered that a duplicate accrual of a receivable had been recorded as of June 30, 2014. As a result, accounts receivable and beginning fund balance have been restated and decreased in the amount of $1,724,593.

Loans Receivable – During fiscal year 2015, City staff discovered that there were loans issued in 2005 in the amount of $2,263,938 that had not been recorded in the general ledger. As a result, loans receivable and beginning fund balance have been restated and increased in that amount.

Unavailable Revenue – During fiscal year 2015, City staff determined that a loan receivable from the prior year should have been offset with fund balance instead of unavailable revenue. As a result, beginning fund balances has been restated and increased in the amount of $1,767,299.

In addition, during fiscal year 2015, City staff adopted a revised accounting policy related to accruing interest receivable for long-term loans receivable and that the interest should be offset with unavailable revenue. Therefore, accrued interest for four of the City's loans receivable was recorded in the general ledger and the accrued interest is offset with unavailable revenue at the fund level, and is recognized as revenue at the entity-wide level. As a result, unavailable revenue and beginning net position have been restated and increased in the amount of $2,234,387.

Implementation of Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

Net Pension Asset and Net Pension Obligation – With the implementation of GASB 68 the balances of the City's Net Pension Assets and Net Pension Obligations as of July 1, 2014 were removed from the general ledger. See the table below for the effect on beginning net position.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 10 - FUND BALANCES AND NET POSITION (Continued)

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the City to make prior period adjustments. As a result, beginning net positions were restated as shown in the table below. See Notes 11 and 12 for additional information.

	Net Pension Asset	Net Pension Obligation	Pension Related Deferred Outflows	Net Pension Liability	Total
Entity-Wide Level					
Governmental Activities	($93,063,156)	$171,461	$14,882,773	($246,403,278)	($324,412,200)
Business-Type Activities			$819,269	($13,826,908)	($13,007,639)
Enterprise Funds:					
Richmond Housing Authority			$446,290	($7,429,052)	($6,982,762)
Port of Richmond			136,393	(2,339,597)	(2,203,204)
Municipal Sewer			113,122	(1,940,424)	(1,827,302)
Non Major Enterprise Funds			123,464	(2,117,835)	(1,994,371)
Total Enterprise Funds			$819,269	($13,826,908)	($13,007,639)
Internal Service Fund:					
Insurance Reserves			$211,376	($3,625,821)	($3,414,445)

NOTE 11 – 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 Plans

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.

NOTE 11 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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%	6.75%
Required employer contribution rates	19.858%	19.858%

	Safety - Police	Safety - Fire	Safety - Police and Fire
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
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%	9%	12.25%
Required employer contribution rates	30.512%	30.512%	30.512%

Employees Covered – As of the June 30, 2013 actuarial valuation date, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	873	436
Inactive employees entitled to but not yet receiving benefits	470	78
Active employees	513	261
Total	1,856	775

As of June 30, 2015, the City had 482 active employees in the Miscellaneous Plan and 279 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.

NOTE 11 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

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 of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.
Mortality Rate Table	Derived using CalPERS Membership Data for all Funds (3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment and administration expenses, includes inflation
(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website under Forms and Publications.

All other actuarial assumptions used in the June 30, 2013 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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 11 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent multiple-employer plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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 (11-60 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.

NOTE 11 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

C. *Changes in the Net Pension Liability*

The changes in the Net Pension Liability as of the June 30, 2014 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, 2013	$415,561,984	$304,680,611	$110,881,373
Changes in the year:			
Service cost	7,816,868		7,816,868
Interest on the total pension liability	30,597,498		30,597,498
Differences between actual and expected experience			0
Changes in assumptions			0
Changes in benefit terms			0
Contribution - employer		6,661,038	(6,661,038)
Contribution - employee		3,195,699	(3,195,699)
Net investment income		51,867,728	(51,867,728)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(23,007,539)	(23,007,539)	0
Net changes	15,406,827	38,716,926	(23,310,099)
Balance at June 30, 2014	$430,968,811	$343,397,537	$87,571,274

NOTE 11 – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM PENSION PLANS (Continued)

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$518,576,503	$379,062,015	$139,514,488
Changes in the year:			
Service cost	10,167,167		10,167,167
Interest on the total pension liability	38,254,517		38,254,517
Differences between actual and expected experience			0
Changes in assumptions			0
Changes in benefit terms			0
Contribution - employer		9,352,438	(9,352,438)
Contribution - employee		3,348,408	(3,348,408)
Net investment income		64,842,562	(64,842,562)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(27,199,743)	(27,199,743)	0
Net changes	21,221,941	50,343,665	(29,121,724)
Balance at June 30, 2014	$539,798,444	$429,405,680	$110,392,764
Totals - Miscellaneous and Safety Plans	**$970,767,255**	**$772,803,217**	**$197,964,038**

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	6.50%	-1.00%
Net Pension Liability	$139,520,823	$178,911,706
Current Discount Rate	7.50%	0.00%
Net Pension Liability	$87,571,274	$110,392,764
1% Increase	8.50%	1.00%
Net Pension Liability	$44,192,579	$53,656,097

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

NOTE 11 – 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, 2015, the City recognized pension expense of $16,560,514. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$17,828,606	-
Differences between Expected and Actual Experience	-	-
Changes of Assumptions	-	-
Net Differences between Projected and Actual Earnings on Pension Plan Investments	-	($53,316,685)
Total	$17,828,606	($53,316,685)

$17,828,606 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, 2016. 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
2016	($13,329,171)
2017	(13,329,171)
2018	(13,329,171)
2019	(13,329,172)

NOTE 12 – 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 seventeen 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 forty-four 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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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, 2015 was $4,584,426, and the City used the funds to pay the General Pension Plan and the Police and Firemen's Pension Plan contributions of $16,091 and $740,235, respectively.

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.

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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

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, 2015 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	$2,438,020
Local Agency Investment Fund (Garfield Plan)	172,439
Wellington Trust Company Fund (Police and Firemen's Plan)	13,355,777
Assets available for benefits at June 30, 2015	$15,966,236

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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.
(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.

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Interest, Credit and Concentration 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, 2015 the investments in the Pension Trust Funds were not rated.

Concentration risk states that significant investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are required to be disclosed when they exceeds five percent of the total pension investments. Only the Police and Fire Pension Plan had investment concentration risk and such investments were as follows at June 30, 2015:

Issuer	Type of Investment	Amount
CIF II Core Bond Series 1 Equity	Equity Fund	$2,694,945
CIF Research Equity	Equity Fund	3,287,899
CIF Opportunistic Investment Allocation Equity	Equity Fund	2,398,425
CIF International Research Equity	Equity Fund	2,502,277
CIF Global Contrarian Equity	Equity Fund	1,653,753
CIF Small Cap Quant Equity	Equity Fund	818,479

Rate of Return

For the year ended June 30, 2015, 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 2.4%, 0.3% and 0.3%, 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, 2015

NOTE 12 – 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, 2015 was determined based on June 30, 2015 actuarial valuations, using 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%	3.00%	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	Entry age	Entry age
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).

Changes of assumptions that affected the measurement of the total pension liability since the prior measurement date of June 30, 2014 for each Plan were:

Police and Firemen's Plan:

- The inflation rate was updated from 3.25% to 2.75% to reflect updated economic conditions and forward-looking expectations.
- The discount rate was updated from 6.75% to 5.75% to reflect updated economic conditions and forward looking expectations.
- The cost-of-living increase was updated from an ultimate rate of 4.25% to 3.00% to reflect the terms of the most recent Memorandum of Understanding (MOU) provisions.
- The mortality rates were updated to the CalPERS tables from the most recent experience study to reflect mortality improvements.

General Pension Plan:

- The inflation rate was updated from 3.25% to 2.75% to reflect updated economic conditions and forward-looking expectations.
- The discount rate was updated from 3.75% to 3.00% to reflect updated economic conditions and forward looking expectations.
- The mortality rates were updated to the CalPERS tables from the most recent experience study to reflect mortality improvements.

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan:

- The inflation rate was updated from 3.25% to 2.75% to reflect updated economic conditions and forward-looking expectations.
- The discount rate was updated from 3.75% to 3.00% to reflect updated economic conditions and forward looking expectations.
- The cost-of-living increase was updated from an ultimate rate of 3.25% to 2.75% to be consistent with the inflation assumption.
- The mortality rates were updated to the CalPERS tables from the most recent experience study to reflect mortality improvements.

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, and the discount rates as of June 30, 2014 were 6.75%, 3.75% and 3.75%, respectively.

For the Police and Firemen's Pension Plan, based on the 5 previous years the City has on average contributed 58% of the Actuarially Determined Contribution (ADC). A sufficiency test was performed including: (1) expected benefit payments for all future years; (2) assuming that 58% 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 3.75% (using as a municipal bond rate source the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2015) after the projected asset depletion. Based on these parameters, plan assets are projected to be sufficient to pay all future benefits until a deminimus 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.

Based on the 5 previous years the City has on average contributed 93% and 77% 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 93% of the ADC is contributed to the General Pension Plan and 77% 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 3.75% (using as a municipal bond rate source the Bond Buyer GO 20-Year Municipal Bond Index as of June 30, 2015) 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 deminimus 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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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.

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
Police and Firemen's Plan:			
Domestic Equity	55%	5.00%	7.75%
International Equity	0%	5.00%	7.75%
Fixed Income	35%	1.75%	4.50%
Real Estate and Alternatives	0%	4.00%	6.75%
Cash and Equivalents	10%	0.25%	3.00%
Total (weighted avg, rounded to 1/4%)	100%	3.50%	6.25% **(1)**
General Pension Plan:			
Domestic Equity	0%	5.00%	7.75%
International Equity	0%	5.00%	7.75%
Fixed Income	0%	1.75%	4.50%
Real Estate and Alternatives	0%	4.00%	6.75%
Cash and Equivalents	100%	0.25%	3.00%
Total (weighted avg, rounded to 1/4%)	100%	0.25%	3.00%
Garfield Pension Plan:			
Domestic Equity	0%	5.00%	7.75%
International Equity	0%	5.00%	7.75%
Fixed Income	0%	1.75%	4.50%
Real Estate and Alternatives	0%	4.00%	6.75%
Cash and Equivalents	100%	0.25%	3.00%
Total (weighted avg, rounded to 1/4%)	100%	0.25%	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 reflect the effect of expected investment expense.

NOTE 12 – 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, 2015 as follows:

Police and Firemen's Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$23,237,147	$16,681,824	$6,555,323
Changes in the year:			
Service cost			0
Interest on the total pension liability	1,464,746		1,464,746
Differences between actual and expected experience	(323,462)		(323,462)
Changes in assumptions	1,380,854		1,380,854
Changes in benefit terms			0
Contribution - employer		740,235	(740,235)
Contribution - employee			0
Net investment income		369,240	(369,240)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(3,074,421)	(3,074,421)	0
Net changes	(552,283)	(1,964,946)	1,412,663
Balance at June 30, 2015	$22,684,864	$14,716,878	$7,967,986
Plan fiduciary net position as a percentage of the total pension liability			64.9%

General Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$3,775,051	$1,043,196	$2,731,855
Changes in the year:			
Service cost			0
Interest on the total pension liability			0
Differences between actual and expected experience	128,954		128,954
Changes in assumptions	345,786		345,786
Changes in benefit terms	322,312		322,312
Contribution - employer		602,970	(602,970)
Contribution - employee			0
Net investment income		2,017	(2,017)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(672,546)	(672,546)	0
Net changes	124,506	(67,559)	192,065
Balance at June 30, 2015	$3,899,557	$975,637	$2,923,920
Plan fiduciary net position as a percentage of the total pension liability			25.0%

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

Garfield Pension Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	$807,034	$259,887	$547,147
Changes in the year:			
Service cost			0
Interest on the total pension liability	28,597		28,597
Differences between actual and expected experience	(45,458)		(45,458)
Changes in assumptions	64,544		64,544
Changes in benefit terms			0
Contribution - employer		102,140	(102,140)
Contribution - employee			0
Net investment income		577	(577)
Administrative expenses			0
Benefit payments, including refunds of employee contributions	(88,883)	(88,883)	0
Net changes	(41,200)	13,834	(55,034)
Balance at June 30, 2015	$765,834	$273,721	$492,113
Plan fiduciary net position as a percentage of the total pension liability			35.7%
Totals - Other City Pension Plans	**$27,350,255**	**$15,966,236**	**$11,384,019**

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	General Pension Plan	Garfield Pension Plan
1% Decrease	4.75%	2.00%	2.00%
Net Pension Liability	$9,293,034	$3,124,354	$536,265
Current Discount Rate	5.75%	3.00%	3.00%
Net Pension Liability	$7,967,986	$2,923,920	$492,113
1% Increase	6.75%	4.00%	4.00%
Net Pension Liability	$6,776,184	$2,741,540	$451,990

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

F. Actuarially Determined Contributions

As of June 30, 2015, the date of the most recent actuarial valuations, the actuarially determined contributions for each Plan were determined using the entry-age normal cost method and the assumptions in Note 12B 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 58% 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 93% 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 77% of the Actuarially Determined Contribution.

The Actuarially Determined Contribution and the actual contributions for each Plan for the year ended June 30, 2015 are presented below:

	Actuarially Determined Contribution	Amount Contributed	Percent Contributed
Police and Firemen's Pension Plan	$740,235	$740,235	100%
General Pension Plan	$602,970	$602,970	100%
Garfield Pension Plan	$102,140	$102,140	100%

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense for each of the Plans as follows:

	Pension Expense
Police and Firemen's Plan	$1,610,495
General Pension Plan	766,397
Garfield Pension Plan	39,573
Total	$2,416,465

At June 30, 2015, 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	$578,575	$0
Total	$578,575	$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
2016	$144,644
2017	144,644
2018	144,644
2019	144,643

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

H. Plan Financial Statements

The Statement of Net Position for the Plans at June 30, 2015 follows:

	Police and Fireman's Pension	General Pension	Garfield Pension
ASSETS			
Pension plan cash and investments:			
City of Richmond Investment Pool	$1,361,101	$975,637	$101,282
Local Agency Investment Fund			172,439
Mutual Fund Investments	13,355,777		
Total Assets	14,716,878	975,637	273,721
NET POSITION			
Restricted for employees' pension benefits	$14,716,878	$975,637	$273,721

The Statement of Changes in Plan Net Position for the year ended June 30, 2015 follows:

	Police and Fireman's Pension	General Pension	Garfield Pension
ADDITIONS			
Net investment income:			
Net increase (decrease) in the fair value of investments	$162,654		
Interest income	309,623	$2,016	$576
Investment management fees	(103,037)		
Contribution from the City	740,235	602,970	102,140
Total Additions	1,109,475	604,986	102,716
DEDUCTIONS			
Pension benefits	3,074,421	672,545	88,882
Total Deductions	3,074,421	672,545	88,882
Net Increase (Decrease)	(1,964,946)	(67,559)	13,834
NET POSITION RESTRICTED FOR PENSIONS			
Beginning of year	16,681,824	1,043,196	259,887
End of year	$14,716,878	$975,637	$273,721

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 12 – OTHER CITY PENSION PLANS (Continued)

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 $11,193 and the employees' required contributions of $37,457 were made during the fiscal year ending June 30, 2015.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

A. Plan Provisions

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

Plan Provisions for Future Retirees

Classification	Eligibility (Age/Service)	Monthly Premium Paid by City Before/After Medicare Eligibility
SEIU Local 1021	Service Retirement: 50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Disability Retirement: any age/10	Retiree only or surviving spouse: the lesser of $435 and medical premium Retiree +1 or more: the lesser of $567 and medical premium Plus PEMHCA Minimum: $122 Retired after 7/1/1995: Reimbursement allowed towards non-PERS plans
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: $122
Fire Local 188	35/15	Percentage of premium for retiree/dependents/surviving spouse up to 2nd highest premium plan. Percentage is 90%, increased to 100% after 27 years of service
Fire Management and Fire Executive Management	35/10	Percentage of premium 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
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. Percentage is 50%, increased to 90% after 15 years of service, and 100% after 25 years of service Plus PEMHCA Minimum: $122 City also pays 100% of dental and vision premiums.
Police Widows	Death in line of duty	Full premium
Police Management and Police Executive Management	50/20, 51/18, 52/16, 53/14, 54/12, 55/10 Service includes non City service Minimum 5 years City Service	Percentage of premium for retiree/dependents/surviving spouse up to Kaiser (1) (Pre Medicare) and 2nd highest premium plan (post Medicare). Percentage is 65%, increased to 75% after 20 years of service, and 100% after 25 years of service Retired after 7/1/1995: Reimbursement allowed towards non-PERS plans

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

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Provisions for Current Retirees

Classification	Subgroup	Monthly Premium Reimbursement Before/After Medicare Eligibility
SEIU Local 1021	Retired July 1, 2007 or later	Same as future retirees
	Retired prior to July 1, 2007	Same as future retirees but caps are Retiree only or surviving spouse: $244/$202 Retiree +1 or more: $364/$304
IFPTE, Miscellaneous Executive Management	Retired July 1, 2007 or later	Same as future retirees
	Retired November 5, 1999 to June 30, 2007	Same as future retirees but caps are Retiree only or surviving spouse: $244/$202 Retiree +1 or more: $364/$304
	Retired before November 5, 1999	Same as future retirees but caps are Retiree only or surviving spouse: $144/$102 Retiree +1 or more: $264/$204
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 Percentage of premium for retiree/dependents/surviving spouse up to Kaiser premium for coverage. Percentage is 90%, increased to 100% after 27 years of service

NOTE 13 - 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 Reimbursement capped at $614
	Retired between 7/1/1997 and 6/30/2004	Same as future retirees Reimbursement capped at $550
	Retired between 7/1/1994 and 6/30/1997	Percentage of premium for retiree/dependents/surviving spouse including dental and vision. Percentage is 65% 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
	Retired before 7/1/1994	Percentage of premium 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 capped at $210 for single coverage and $300 for 2-party coverage Premium paid for dental and vision
Police Management and Police Executive Management	Retired on or after 7/1/2008	Same as future retirees
	Retired between 1/1/1995 and 6/30/2008	Percentage of premium for retiree/dependents/surviving spouse. Percentage is 65% 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 for pre-Medicare and 2nd highest premium plan for post-Medicare for coverage selected Retired before 1/1/2007 - Reimbursement capped at 2nd highest premium plan for coverage selected Reimbursement allowed towards non-PERS plans
	Retired before 1/1/1995	Single: $120/$85 2-Party: $220/$170

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 $122 in 2015.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Funding Policy and Actuarial Assumptions

In fiscal year 2010, the City hired an actuary to prepare a study to determine the unfunded liability of these benefits for both active employees and retirees. The study indicated that as of July 1, 2013, the unfunded actuarial liability was estimated to be $125,461,000. The study indicated that as of July 1, 2013, the actuarial accrued liability was estimated to be $126,447,000 During the year ended June 30, 2008, the City joined the Public Agencies Post-Retirement Health Care Plan, an agent multiple employer trust administered by Public Agency Retirement Services (PARS). The balance in the City's PARS trust account as of June 30, 2015 was $344,677. PARS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from Public Agency Retirement Services, 4350 Von Karman Avenue, Suite 100, Newport Beach, CA, 92660.

The City's policy is to partially prefund these benefits by accumulating assets with PARS discussed above along with making pay-as-you-go payments pursuant to Resolution No. 52-06 of June 27, 2006. In December 2014, 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. There was no surplus in fiscal year 2015 to provide such additional funding contributions. The fiscal year 2015 annual required contribution (ARC) was determined as part of a July 1, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4% investment rate of return, (b) 3.25% projected annual salary increase (c) inflation rate of 3%, and (d) health care cost trend rates of 5.00-8.3% for medical and 4.25% for dental. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis (26 years remaining at July 1, 2013). Assumption changes and experience gains and losses after July 1, 2009 are amortized over closed 15-year periods starting July 1, 2011 as a level percentage of pay.

C. Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City contributed $3,367,557 to the Plan for pay-as-you-go premiums and an additional $521,540 was contributed to the Plan, which in total represented 4.7% of the $72,303,068 of covered payroll. As a result, the City has recorded the Net OPEB Obligation, representing the difference between the ARC and actual contributions, as presented below:

NOTE 13 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual required contribution	$13,268,000
Interest on net OPEB obligation	1,170,000
Adjustment to annual required contribution	(2,357,000)
Annual OPEB cost	12,081,000
Contributions made:	
Pay as you go (premiums paid)	(3,367,557)
Paid to Trust	(521,540)
Change in net OPEB obligation	8,191,903
Net OPEB obligation June 30, 2014	30,883,892
Net OPEB obligation June 30, 2015	$39,075,795

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2013, amounted to $126,447,000.

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2015	$12,081,000	$3,889,097	32%	$39,075,795

The Schedule of Funding Progress below and the required supplementary information immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2013	$986,000	$126,447,000	($125,461,000)	1%	$71,393,000	-176%

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 14 – DEFERRED COMPENSATION PLAN

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

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

NOTE 15 - RISK MANAGEMENT

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

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

Type of Coverage	Self-Insurance / Deductible	Coverage Limit	Insurance Carrier
Difference in Conditions	Earthquake: 10% pre-1970, 5% post-1970 of total insured value of each building; minimum $100,000 All others: $25,000	$50,000,000 inclusive of deductible	Various
Crime/Employee Dishonesty	$10,000 per claim	$1,000,000 inclusive of deductible	National Union Fire Insurance Company of Pittsburgh, PA
Property	$10,000 per claim	$1,000,000,000 inclusive of deductible $25,000,000 limit for flood	Various
Boiler and Machinery	$5,000 per claim	$100,000,000 inclusive of deductible	Lexington
Port Liability	$25,000 per claim	$50,000,000 inclusive of deductible	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	$250,000 per claim	$20,000,000 inclusive of deductible	Ace - Illinois Union
Cyber Liability	$100,000 per claim	$2,000,000 limit	Various
Pollution Liability	$75,000 per claim	$1,000,000 limit	Various

NOTE 15 - RISK MANAGEMENT (Continued)

CJPRMA

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

Type of Coverage (Deductible)	Coverage Limits
Liability ($500,000)	$40,000,000
Employment Practices ($500,000)	8,000,000

Once the self-insured retention is exhausted on each claim, CJPRMA becomes responsible for payment of future expenses related to the claim. The City paid contributions of $675,666 for the year ended June 30, 2015. 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.

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 $297,511 for the year ended June 30, 2015. 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:

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 15 - RISK MANAGEMENT (Continued)

Property	Building and Personal Property Premium	Annual Premium	Deductible
Triangle Court	$15,766	$16,905	$25,000
Nevin Plaza (#1)	24,051	25,787	25,000
Friendship Manor	9,798	10,506	25,000
Hacienda	15,766	16,905	25,000
Nystrom Village	15,766	16,905	25,000
Administration Office	7,928	8,500	25,000

All of the Housing Authority properties are included for general liability coverage under the CJPRMA program.

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, 2015, the estimated claims payable of $29,583,740, 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 $30,040,647 at June 30, 2015. Changes in the claims liabilities for the years ended June 30, 2015 and 2014 were as follows:

	2015	2014
Claims liabilities, beginning of year	$25,697,150	$22,263,463
Current year claims	8,931,978	8,724,227
Change in prior year claims	4,661,085	4,990,145
Claim payments	(5,969,331)	(5,657,087)
Legal, administrative and other expenses	(3,737,142)	(4,623,598)
Claims liabilities, end of year	$29,583,740	$25,697,150
Claims liabilities, due in one year	$7,919,524	$6,841,295

For the years ended June 30, 2015, 2014 and 2013 the amount of settlements did not exceed insurance coverage.

NOTE 16 – 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.

Fiscal 2015 condensed financial information for the Richmond Marina Enterprise Fund is as follows:

Condensed Statement of Net Position

Assets:	
Current assets	$3,327,637
Capital assets	1,693,522
Total assets	5,021,159
Liabilities:	
Current liabilities	276,767
Long-term liabilities	2,783,127
Total liabilities	3,059,894
Net position:	
Net investment in capital assets	(1,167,667)
Unrestricted	3,128,932
Total net position	$1,961,265

Condensed Statement of Revenues, Expenses and Changes in Net Position

Operating revenues:	
Lease income	$488,201
Operating expenses:	
General and administrative	(20,824)
Depreciation	(85,196)
Operating income	382,181
Nonoperating revenues (expenses):	
Interest income	9,506
Interest expense	(129,034)
Income (Loss) Before Contributions and Transfers	262,653
Transfers out	(100,000)
Change in net position	162,653
Beginning net position,	1,798,612
Ending net position	$1,961,265

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	$454,229
Noncapital and related financing activities	(100,000)
Capital and related financing activities	(206,815)
Investing activities	10,137
Net increase	157,551
Beginning cash and investments	3,104,841
Ending cash and investments	$3,262,392

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 17 - 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 $97,644.

The City's future commitments under construction and other projects totaled approximately $73.5 million at June 30, 2015 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 had filed a separate lawsuit in state court against the developer seeking declaratory relief that the City did not breach the LDA, but that lawsuit was stayed by the state court judge pending resolution of the federal action. The City may be negatively impacted should the court rule in favor of the developer and associated entity, however any such impact cannot be determined at this time.

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.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

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. The negotiations are still in process as of December 2015, and the final amount of disallowed costs cannot be determined at this time.

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. As of December 2015, the City has not received approval from HUD regarding the treatment of the ineligible costs and the ultimate method of repayment cannot be determined at this time.

Environmental Protection Agency Program (EPA)

In May 2014, the City received notification from the U.S. Environmental Protection Agency (EPA) that due to four findings included the fiscal year 2012 Single Audit related to four separate grant programs, the EPA is questioning as unsupported $1,200,000 in grant expenditures. The notification requires the City to either confirm that the corrective actions to resolve the Single Audit findings were implemented or to repay the grant funds to the EPA. City staff submitted a response to the notification, providing the required documentation and objecting to the claim. The matter is still pending with the EPA as of December 2015, and the final amount of disallowed costs, if any, cannot be determined at this time.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

HOME and Neighborhood Stabilization Program (NSP3)

During fiscal year 2015, the City was subject to monitoring visits by the Department of Housing and Urban Development (HUD) of the City's HOME investment partnership (HOME) and Neighborhood Stabilization Program (NSP3) activities. In its reports, HUD listed three findings (two HOME findings and one NSP3 finding). The findings require the City to repay $1,089,613 of expended grant funds on the Filbert Phase 2 activity which is not a HOME eligible activity and to repay $23,070 for expenses disbursed by the City prior to the completion of the required environmental review. 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. The negotiations are still in process as of December 2015, and the final amount of disallowed costs cannot be determined at this time.

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, 2015 is $11,221,743.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

In 2002, the Authority chose the development team of McCormack Baron Salazar, Inc. and Em Johnson Interest, Inc. to develop the site. Em Johnson Interest has developed the 82 homeownership units affordable to low, moderate and market rate buyers. McCormack Baron was charged with the development of 300 rental units, affordable to households 60% or below the area median income for Contra Costa County.

Thus far, all new construction rental units at the former Easter Hill site have been developed. Thirty-six rehab rental units at the site are underway. The remaining 202 rental units at the site have been leased. Similarly, all 82 homeownership units at the former Easter Hill and Cortez sites have been constructed. With the exception of one unit at the Cortez site, all homeownership units have been sold.

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

F. Disposition of Westridge at Hilltop Apartments

On May 24, 2013, RHA Properties entered into a Purchase & Sale Agreement (PSA) with Menlo Capital Group, LLC (the Buyer) for the disposition of Westridge at Hilltop Apartments for a price of $40 million. Upon closure of the disposition on April 15, 2014, title of all capital assets was transferred from RHA Properties to Menlo Westridge Affordable Partners, LP. The gain from the capital assets sale, after charges and costs associated with the sale, was $12,703,208. According to the sales agreement, at June 30, 2015, $2,500,000 of sales proceeds were withheld in an escrow account as a repair reserve fund held by the Buyer to be used for repairs within 18 months after closing.

The Buyer, at its sole and absolute discretion will hire third party contractors to implement such repairs. Once the repairs are complete, the Buyer is to submit third part audited and certified invoices to escrow for immediate reimbursement to the Buyer or payment to contractors for such repairs at the Buyer's option. All repairs and reimbursement of repairs from the Repair Reserve Fund Holdback are subject to the Buyer's sole and absolute discretion. RHA Properties has made demands to return the $2,500,000 based on the passage of 18 months from the closing date of the sale.

Pursuant to the Holdback Agreement, the funds held in escrow were only available to the Buyer within 18 months of closing, which has expired. Management of RHA Properties is of the opinion that they are in a very good position and can expect to collect the $2,500,000. A lawsuit was filed by the Authority/RHA Properties against the buyer of Westridge at Hilltop Apartments to release the funds and according to the Attorney acting on behalf of RHA Properties, the case is moving along as expected. The repair reserve fund has not been released to RHA Properties as of December 30, 2015.

G. RHA Properties – Status of Operations

RHA Properties having sold Westridge at Hilltop Apartments is at the point of an entity with no activity. It is mainly idle and available to be used in the future. Management currently has no further plans for the entity.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

H. 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, 2015, 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 the 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.

I. 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 $54 million were received under the settlement agreements in fiscal years 2011 through 2015.

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 2015, the City received $4 million that is restricted for use on pre-approved projects.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (Continued)

J. Police Communications Systems

The City administers a 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, 2015.

K. Department of Toxic Substance Control (DTSC) Settlements

During the fiscal year ended June 30, 2015 the City entered into a settlement agreement with DTSC for the Drew Middle and South Property Richmond Parkway Site. The City disputed the amount of operations and maintenance costs charged by DTSC for the remediation of affected soil at the property. The settlement agreement stipulates that the City will pay DTSC a total of $31,365 for charges that occurred during fiscal years 1996 through 2013. Monthly installment payments will be made over 24 consecutive months with the first payment due December 15, 2014.

During the fiscal year ended June 30, 2015 the City entered into a settlement agreement with DTSC for the Richmond Parkway Site. The City disputed the amount of operations and maintenance costs charged by DTSC for the remediation of affected soil at the property. The settlement agreement stipulates that the City will pay DTSC a total of $24,476 for charges that occurred during fiscal years 1996 through 2013. Monthly installment payments will be made over 24 consecutive months with the first payment due December 15, 2014.

The outstanding liabilities payable at year-end related to these settlement agreements were deemed immaterial for presentation purposes.

L. 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, 2015 were as listed below:

	Amount
General Fund	$23,934
Cost Recovery Special Revenue Fund	197,561
Community Development and Loan Programs Special Revenue Fund	424,645
Non-Major Governmental Funds	2,660,523
	$3,306,663

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – 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.

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. 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.

NOTE 18 – 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, 2015 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, 2015.

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. The Redevelopment Agency funded the loan in fiscal 2006 with proceeds from the Section 108 HUD loan discussed in Note 8. The loan's principal is due in August 2025. Interest is payable starting August 2006 at a variable rate based on the 90-day LIBOR rate plus 70 basis points; adjusted quarterly. The interest rate converts to a fixed rate in accordance with the terms of the agreement after the Section 108 loan is sold by HUD. The developer repaid $143,000 of the loan in fiscal year 2010, $147,000 in fiscal year 2011, $150,000 in fiscal years 2012 and 2013, $158,000 in fiscal year 2014 and $162,000 in fiscal 2015 and the balance of the loan was $2,086,000 as of June 30, 2015.

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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value of capital assets.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Successor Agency has assigned the useful lives and capitalization thresholds listed below to capital assets.

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

Capital assets recorded at June 30 comprise:

	Balance at June 30, 2014	Additions	Balance at June 30, 2015
Capital assets not being depreciated:			
Land and land improvements	$17,603,162		$17,603,162
Construction in Progress	5,328,244		5,328,244
Total capital assets not being depreciated	22,931,406		22,931,406
Capital assets being depreciated:			
Machinery and equipment	120,448		120,448
Less accumulated depreciation for:			
Machinery and equipment	(99,684)	($12,369)	(112,053)
Capital assets being depreciated, net	20,764	(12,369)	8,395
Capital assets, net	$22,952,170	($12,369)	$22,939,801

NOTE 18 – 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, 2015:

	Balance July 01, 2014	(A) Additions	Deletions	Balance June 30, 2015	Due Within One Year	Due in More than One Year
Bonds payable	$79,327,325	$1,065,604	($2,545,186)	$77,847,743	$5,781,567	$72,066,176
Loans payable	24,885,000		(750,000)	24,135,000	790,000	23,345,000
Notes payable	18,379,333	10,833	(2,907,630)	15,482,536	478,933	15,003,603
Total	$122,591,658	$1,076,437	($6,202,816)	$117,465,279	$7,050,500	$110,414,779

(A) Includes bond accretion for capital appreciation bonds totaling $1,065,604 and interest on notes payable of $10,833.

Bonds Payable

Bonds payable at June 30, 2015 consisted of the following:

	Net
Harbour Tax Allocation Refunding Bonds - 1998 Series A	$8,511,430
Subordinate Tax Allocation Bonds - 2007 Series B	10,925,480
Subordinate Tax Allocation Refunding Bonds - 2010 Series A	28,735,000
Successor Agency of RCRA Refunding Bonds - 2014 Series A & B	29,675,833
Total	$77,847,743

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, 2015

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

At June 30, 2015, the Bonds consisted of the following:

	Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$10,350,000	$421,042	($2,259,612)	$8,511,430

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

For the Years Ending June 30,	Principal	Total
2016	$1,150,000	$1,150,000
2017	1,150,000	1,150,000
2018	1,150,000	1,150,000
2019	1,150,000	1,150,000
2020	1,150,000	1,150,000
2021-2024	4,600,000	4,600,000
Total	$10,350,000	$10,350,000

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.

NOTE 18 – 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, 2015, the 2007B Bonds consisted of the following:

	Maturity Value	Accretion/ Amortization	Unamortized Premium (Discount)	Net
Capital appreciation bonds	$20,855,000	$644,562	($10,574,082)	$10,925,480

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

For the Years Ending June 30,	Principal
2016	
2017	
2018	$935,000
2019	990,000
2020	1,040,000
2021-2025	5,850,000
2026-2030	6,195,000
2031-2035	4,175,000
2036-2037	1,670,000
Total	$20,855,000

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, 2015

NOTE 18 – 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
2016	$1,095,000	$1,999,805	$3,094,805
2017	1,165,000	1,939,771	3,104,771
2018	1,240,000	1,870,224	3,110,224
2019	1,325,000	1,791,697	3,116,697
2020	1,015,000	1,716,355	2,731,355
2021-2024	6,945,000	7,256,199	14,201,199
2026-2030	10,270,000	3,938,781	14,208,781
2031-2035	3,730,000	1,553,208	5,283,208
2036-2037	1,950,000	146,030	2,096,030
Total	$28,735,000	$22,212,070	$50,947,070

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, 2015 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, 2015	Termination Date
$54,000,000	7/12/2007	Royal Bank of Canada	AA-/Aa3/AA	SIFMA Municipal Swap Index	68% of USD-1 Month LIBOR	($5,809,000)	9/1/2036

NOTE 18 – 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. As of June 30, 2015, 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, 2015	
	Classification	Amount	Classification	Amount
Pay-Variable, Receive-Variable				
2010A Subordinate Tax Allocation Refunding Bonds	Investment revenue	$1,349,000	Investment	($5,809,000)

Credit risk. As of June 30, 2015, 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.

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.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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, 2015, 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	Fixed-Rate Bonds		Interest Rate	
Ending June 30,	Principal	Interest	Swap, Net	Total
2016	$1,095,000	$1,594,961	$404,844	$3,094,805
2017	1,165,000	1,551,043	388,728	3,104,771
2018	1,240,000	1,498,386	371,838	3,110,224
2019	1,325,000	1,437,361	354,336	3,116,697
2020	1,015,000	1,377,846	338,509	2,731,355
2021-2024	6,945,000	5,895,232	1,360,967	14,201,199
2026-2030	10,270,000	3,130,639	808,142	14,208,781
2031-2035	3,730,000	1,200,097	353,111	5,283,208
2036-2037	1,950,000	121,887	24,143	2,096,030
Total	$28,735,000	$17,807,452	$4,404,618	$50,947,070

NOTE 18 – 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, 2015 were as follows:

Harbour Tax Allocation Refunding Bonds - 1998 Series A	$8,460,000
JPFA Tax Allocation Revenue Bonds - 2000 Series A & B	10,710,000
JPFA Tax Allocation Revenue Bonds - 2003 Series A	12,760,000
	$31,930,000

At June 30, 2015, the 2014 A & B Bonds consisted of the following:

Bonds outstanding:	$27,450,000
Unamortized premium	2,225,833
Net	$29,675,833

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$3,145,000	$1,145,013	$4,290,013
2017	3,250,000	1,027,195	4,277,195
2018	3,375,000	903,144	4,278,144
2019	3,505,000	771,512	4,276,512
2020	1,775,000	659,375	2,434,375
2021-2025	10,110,000	1,849,500	11,959,500
2026	2,290,000	54,750	2,344,750
Total	$27,450,000	$6,410,489	$33,860,489

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – 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, 2015 came from the Bond issues listed below:

JPFA Tax Allocation Revenue Bonds - 2003 Series B	$9,650,000
JPFA Tax Allocation Revenue Bonds - 2004 Series A & B	14,485,000
Total	$24,135,000

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.

The annual debt service requirements on the 2003 Series B loan as of June 30, 2015 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$495,000	$583,921	$1,078,921
2017	525,000	554,035	1,079,035
2018	555,000	522,391	1,077,391
2019	590,000	488,842	1,078,842
2020	735,000	448,403	1,183,403
2021-2025	5,045,000	1,440,969	6,485,969
2026	1,705,000	53,708	1,758,708
Total	$9,650,000	$4,092,269	$13,742,269

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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, 2015 are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016	$295,000	$751,649	$1,046,649
2017	305,000	737,664	1,042,664
2018	320,000	722,711	1,042,711
2019	335,000	707,050	1,042,050
2020	3,105,000	620,564	3,725,564
2021-2025	3,890,000	2,222,838	6,112,838
2026-2027	6,235,000	458,724	6,693,724
Total	$14,485,000	$6,221,200	$20,706,200

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 $150,461,028 remaining debt service on the Bonds and loans which is scheduled to occur in 2027.

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 2015 calculated by the County Auditor–Controller were $21,270,471. The total received by the Successor Agency for fiscal year 2015 debt service and other enforceable obligations was $17,206,306, and debt service was $7,430,410.

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Notes Payable

HUD Section 108 Loans	$3,888,000
SERAF Loan	11,594,536
Total	$15,482,536

CHFA Help Loans – Original Amounts $1,000,000

The Agency entered a loan agreement with California Housing Finance Agency in November 2004 to assist the Agency with operating a local housing program, which provides loans to non-profit developers for the purpose of financing the acquisition, preconstruction, and construction of single-family ownership and multifamily rental properties. The loan is due 10 years from the date of the loan. The loan bears a simple 3% per annum interest rate, and all payments of principal and interest are deferred for a ten-year period. The loan including principal of $1,000,000 and accrued interest of $250,833 was fully repaid during the fiscal year ended June 30, 2015.

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

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

For the Years Ending June 30,	Principal	Interest	Total
2016	$166,000	$98,846	$264,846
2017	171,000	91,422	262,422
2018	175,000	83,602	258,602
2019	180,000	75,454	255,454
2020	184,000	66,816	250,816
2021-2025	995,000	188,311	1,183,311
2026	215,000	5,697	220,697
Total	$2,086,000	$610,148	$2,696,148

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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

In fiscal 2006, the City received a Section 108 loan from the Department of Housing and Urban Development to finance costs related to the North Richmond-Iron Triangle project. The loan proceeds were given to the Agency for the project, therefore the Agency is responsible for the repayment of the loan. Interest is payable quarterly and the interest rate is fixed at 2.58% or, in specific conditions, adjusted to the latest LIBOR Rate. During the fiscal year ended June 30, 2015, the City received CDBG grant funds from HUD in the amount of $1,092,323 for the partial repayment of the loan, which were transferred to the Agency to retire that portion of the loan. The payment included $998,000 in principal and $104,323 in interest. The principal payments are due annually from 2012 through 2026 as follows:

For the Years Ending June 30,	Principal	Interest	Total
2016		$46,491	$46,491
2017		46,491	46,491
2018		46,491	46,491
2019		46,491	46,491
2020	$102,000	44,079	146,079
2021-2025	1,360,000	120,058	1,480,058
2026	340,000	731	340,731
Total	$1,802,000	$350,832	$2,152,832

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
2016	$312,933	$231,891	$544,824
2017	319,191	225,632	544,823
2018	325,575	219,248	544,823
2019	332,087	212,737	544,824
2020	338,728	206,095	544,823
2021	9,966,022		9,966,022
Total	$11,594,536	$1,095,603	$12,690,139

CITY OF RICHMOND
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 18 – 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 $3,010,000 at June 30, 2015.

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, 2015, the balance of these issuers' outstanding debts was as follows:

Bridge Housing Acquisitions, Inc.	$9,470,000
Baycliff Apartment Project, 2004 Revenue Bonds	29,690,000
Crescent Park Apartment Project, 2007 Series A & Series A-T Revenue Bonds	28,018,470

E. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-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.

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.

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

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, 2014, the estimate had increased to $13.4 million. During the fiscal year ended June 30, 2015, the Agency increased the remediation estimate to $13.6 million. The Agency has spent $13.1 million in pollution remediation costs since the project's inception, including current year expenditures of $1.3 million, leaving a remaining estimated pollution liability of $489,000 at June 30, 2015 for ongoing monitoring costs. The Successor Agency has recorded this amount as an accrued liability in the Statement of Fiduciary Net Position, however this obligation is an estimate and is subject to changes resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

Marina Bay – Pollution Remediation

The Successor Agency owns a group of land tracts collectively referenced as the "Nine Deed Restricted Properties." The Successor Agency is 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. 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 $49,500. 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 at 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 $115,000. This preliminary estimate has not been accrued as a liability in the Successor Agency's Statement of Fiduciary Net Position. This estimate is subject to change as the draft work plan moves through the regulatory review process. 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, 2015

NOTE 18 – REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

Unpaid Pass – Through Obligation

The Successor Agency has identified an obligation to allocate an increased share of its tax increment revenues to other taxing agencies within Contra Costa County pursuant to Sections 33607.5 and 33607.7 of the Community Redevelopment Law (CRL). In 1999, the former Redevelopment Agency adopted ordinances to extend the debt horizon on its various project areas as authorized in Assembly Bill 1342, which triggered the additional pass-through requirement for the portion of Project 8-A which was added in 1980. Later in 1999, the Agency amended the various Redevelopment Plans to merge all of the project areas together and also extended the date to incur debt in Project 11-A, Harbour from January 1, 2004 to January 1, 2014. Project 1-B Pilot was amended in 2004 pursuant to Senate Bill 211 to delete the last date to incur debt. These former Redevelopment Agency actions created a requirement to increase tax increment pass-through distributions to other taxing agencies at certain times pursuant to the CRL. The additional pass-through obligation was not implemented for the above Projects. The Successor Agency has now accumulated a retroactive pass-through obligation that spans back over several fiscal years.

Since the dissolution of the former Redevelopment Agency in 2012, under the State Dissolution Act, California counties have been charged with the implementation of Successor Agency pass-through obligations. In June 2014, Contra Costa County implemented a catch-up pass-through deduction of $1,459,577 at the time of its Required Obligation Payment Schedule (ROPS) 2014-15a tax distribution. The June 2014 catch-up deduction resolved pass-through obligations for the three fiscal years since the date of dissolution (the fiscal years ending June 30, 2012, 2013 and 2014). Pass-through obligations for the fiscal year ended June 30, 2015 were paid by the County as due. Any remaining obligation for fiscal years prior to the dissolution of the former Redevelopment Agency have not been determined. Under the policy of the State Department of Finance, any claimed underpayments of pass-through obligations dating prior to dissolution must be listed on a future ROPS and approved by the State Department of Finance as an eligible use of future tax distributions.

NOTE 19 – SUBSEQUENT EVENTS

A. Swap Termination Event

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".

NOTE 19 – SUBSEQUENT EVENTS (Continued)

Moody's downgrade of the City's issuer rating to "Ba1" resulted in an Additional Termination Event ("ATE") with the interest rate swaps ("2007 Swaps") the City entered in conjunction with the 2005 Taxable POBs. The primary effect of the ATE was to allow the counterparty, JPMorgan Chase Bank, NA ("JPM"), a right to terminate the 2007 Swaps and demand immediate payment of an approximately $31.5 million settlement amount that represents the present value of the City's expected future performance obligations under the 2007 Swaps. The City intends to issue Taxable Pension Obligation Refunding Bonds, Series 2015A (tax-exempt) to refund a portion of the outstanding 2005 Pension Funding Bonds and to fund the settlement amount. However, tax-exempt bonds cannot be used to fund the settlement amount but can be issued to refinance 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"). By terminating the Civic Center Swaps, the City reduces 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 will amend and restate the 2007 Swaps, including eliminating the existence of the ATE by removing reference to a Moody's rating in the ATE provisions. In addition, terminating the Civic Center Swaps will eliminate 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.

On December 23, 2015, the City received an updated issuer credit rating from S&P affirming the BBB+ issuer credit rating and removing the ratings from CreditWatch and noting that the outlook is stable.

B. Housing Authority Rental Assistance Demonstration

A Rental Assistance Demonstration (RAD) Program conversion of the Friendship Manor and Triangle Court public housing sites will occur during the 2016 calendar year (includes both the 2015 and 2016 fiscal years). Starting in December 2015, 156 units of Public Housing will convert to non-profit ownership with Section 8-Project Based Voucher rental subsidy on 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.

The Authority has subsequently obtained approximately $16.5 million in tax exempt bonds, approximately $12.2 million in 4% tax credits, and $5.4 million in local financing to complete the redevelopment.

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.

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 will not be placed in service until approximately April 2016 so bulk of the fee will not be received until that point.

RHA RAD Housing Partners L.P. will also receive $732,557 in Public Housing and Capital Improvement funds throughout 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.

BUDGETARY COMPARISON SCHEDULES

CITY OF RICHMOND
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Property tax	$31,226,979	$31,226,979	$30,904,650	($322,329)
Sales tax	31,101,354	33,565,958	33,131,486	(434,472)
Utility user fees	50,358,779	48,807,979	48,299,958	(508,021)
Other taxes	7,457,098	8,297,098	9,918,447	1,621,349
Licenses, permits and fees	2,776,728	2,776,728	2,439,359	(337,369)
Fines, forfeitures and penalties	334,750	334,750	482,567	147,817
Use of money and property	86,708	86,708	77,228	(9,480)
Intergovernmental	953,300	3,292,287	4,097,963	805,676
Charges for services	4,848,856	8,750,440	9,141,441	391,001
Rent	813,265	843,015	809,113	(33,902)
Other	1,034,825	986,014	768,619	(217,395)
Total Revenues	130,992,642	138,967,956	140,070,831	1,102,875
EXPENDITURES:				
Current				
General government	18,329,569	19,093,358	21,241,969	(2,148,611)
Public safety	86,781,822	85,985,313	83,960,461	2,024,852
Public works	19,347,091	19,003,065	18,686,952	316,113
Cultural and recreational	10,573,091	10,456,171	9,658,457	797,714
Capital outlay	547,151	516,148	256,353	259,795
Debt Service:				
Principal	1,310,398	1,310,398	1,320,695	(10,297)
Interest and fiscal charges	353,417	353,417	610,575	(257,158)
Total Expenditures	137,242,539	136,717,870	135,735,462	982,408
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,249,897)	2,250,086	4,335,369	2,085,283
OTHER FINANCING SOURCES (USES)				
Bond premium	25,000	82,880	82,880	
Proceeds from sale of property	100,000	189,066	268,927	79,861
Transfers in	3,162,471	3,162,471	4,106,974	944,503
Transfers (out)	(7,948,322)	(7,843,220)	(7,654,242)	188,978
Total other financing sources (uses)	(4,660,851)	(4,408,803)	(3,195,461)	1,213,342
NET CHANGE IN FUND BALANCE	(10,910,748)	(2,158,717)	1,139,908	3,298,625
Fund balance, July 1	27,541,828	27,541,828	27,541,828	
Fund balance, June 30	$16,631,080	$25,383,111	$28,681,736	$3,298,625

CITY OF RICHMOND
COST RECOVERY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Licenses, permits and fees	$5,428,019	$5,506,524	$6,206,851	$700,327
Fines, forfeitures and penalties	425,000	636,155	849,667	213,512
Use of money and property	(10,000)	(10,000)		10,000
Intergovernmental	3,588,017	3,673,229	1,680,081	(1,993,148)
Charges for services	5,478,978	4,278,978	4,086,367	(192,611)
Other	76,000	76,000	16,348	(59,652)
Total Revenues	14,986,014	14,160,886	12,839,314	(1,321,572)
EXPENDITURES:				
Current				
General government	8,616,229	7,972,021	7,248,840	723,181
Public safety	4,416,156	4,327,170	4,301,664	25,506
Public works	4,150,305	4,267,982	3,459,283	808,699
Capital outlay	1,338,288	1,427,207	143,467	1,283,740
Total Expenditures	18,520,978	17,994,380	15,153,254	2,841,126
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,534,964)	(3,833,494)	(2,313,940)	1,519,554
OTHER FINANCING SOURCES (USES)				
Transfers in	4,275,376	4,359,670	4,359,670	
Total other financing sources (uses)	4,275,376	4,359,670	4,359,670	
NET CHANGE IN FUND BALANCE	740,412	526,176	2,045,730	1,519,554
Fund balance (deficit), July 1 (as restated)	(10,692,365)	(10,692,365)	(10,692,365)	
Fund balance (deficit), June 30	($9,951,953)	($10,166,189)	($8,646,635)	$1,519,554

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses, permits and fees			$462,892	$462,892
Use of money and property	$75,650	$30,287	118,817	88,530
Intergovernmental	6,890,618	9,343,738	1,943,397	(7,400,341)
Other	1,447,427	908,957	686,190	(222,767)
Total Revenues	8,413,695	10,282,982	3,211,296	(7,071,686)
EXPENDITURES				
Current:				
Community development	380,988	1,202,774	170,262	1,032,512
Housing and redevelopment	4,554,175	4,684,489	2,583,436	2,101,053
Capital outlay	3,322,544	4,056,571	200,000	3,856,571
Debt service:				
Principal		1,892,752	800,000	1,092,752
Interest and fiscal charges	198,962	13,118	15,967	(2,849)
Total Expenditures	8,456,669	11,849,704	3,769,665	8,080,039
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,974)	(1,566,722)	(558,369)	1,008,353
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property		850,000		(850,000)
Transfers in		714,293	714,293	
Transfers out		(2,210,372)		2,210,372
Total other financing sources (uses)		(646,079)	714,293	1,360,372
NET CHANGE IN FUND BALANCE	(42,974)	(2,212,801)	155,924	2,368,725
Fund balance, July 1 (as restated)	23,499,388	23,499,388	23,499,388	
Fund balance, June 30	$23,456,414	$21,286,587	$23,655,312	$2,368,725

CITY OF RICHMOND
ENVIRONMENTAL AND COMMUNITY INVESTMENT AGREEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental			$28,862	$28,862
Total Revenues			28,862	28,862
EXPENDITURES				
Current:				
General government		$118,167	28,862	89,305
Total Expenditures		118,167	28,862	89,305
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(118,167)		118,167
NET CHANGE IN FUND BALANCE		(118,167)		118,167
Fund balance, July 1				
Fund balance, June 30		($118,167)		$118,167

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, Cost Recovery, Lighting and Landscaping Districts, Developer Impact Fees, Community Development and Loan Programs, and Richmond Neighborhood Stabilization Corporation) and certain 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

City of Richmond, Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	**6/30/2014**
Total Pension Liability	
Service Cost	$ 7,816,868
Interest	30,597,498
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	
Benefit payments, including refunds of employee contributions	(23,007,539)
Net change in total pension liability	15,406,827
Total pension liability - beginning	415,561,984
Total pension liability - ending (a)	$ 430,968,811
Plan fiduciary net position	
Contributions - employer	$ 6,661,038
Contributions - employee	3,195,699
Net investment income	51,867,728
Benefit payments, including refunds of employee contributions	(23,007,539)
Net change in plan fiduciary net position	38,716,926
Plan fiduciary net position - beginning	304,680,611
Plan fiduciary net position - ending (b)	$ 343,397,537
Net pension liability - ending (a)-(b)	$ 87,571,274
Plan fiduciary net position as a percentage of the total pension liability	79.68%
Covered - employee payroll	$ 38,393,259
Net pension liability as percentage of covered-employee payroll	228.09%

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, 2013. 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. There were no changes in assumption.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Richmond, Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	2015
Actuarially determined contribution	$ 7,178,549
Contributions in relation to the actuarially determined contributions	(7,178,549)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 36,151,102
Contributions as a percentage of covered-employee payroll	19.86%

Notes to Schedule

Valuation date:	6/30/2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Average remaining amortization period	24 years as of valuation date
Asset valuation method	15 year Smoothed Market value
Inflation	2.75%
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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	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.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Richmond, Safety Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	**6/30/2014**
Total Pension Liability	
Service Cost	$ 10,167,167
Interest	38,254,517
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	
Benefit payments, including refunds of employee contributions	(27,199,743)
Net change in total pension liability	21,221,941
Total pension liability - beginning	518,576,503
Total pension liability - ending (a)	$ 539,798,444
Plan fiduciary net position	
Contributions - employer	$ 9,352,438
Contributions - employee	3,348,408
Net investment income	64,842,562
Benefit payments, including refunds of employee contributions	(27,199,743)
Net change in plan fiduciary net position	50,343,665
Plan fiduciary net position - beginning	379,062,015
Plan fiduciary net position - ending (b)	$ 429,405,680
Net pension liability - ending (a)-(b)	$ 110,392,764
Plan fiduciary net position as a percentage of the total pension liability	79.55%
Covered - employee payroll	$ 34,305,657
Net pension liability as percentage of covered-employee payroll	321.79%

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, 2013. 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. There were no changes in assumption.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Richmond, Safety Agent Multiple-Employer Defined Benefit Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	2015
Actuarially determined contribution	$ 10,650,057
Contributions in relation to the actuarially determined contributions	(10,650,057)
Contribution deficiency (excess)	$ -
Covered-employee payroll	$ 36,151,966
Contributions as a percentage of covered-employee payroll	29.46%

Notes to Schedule

Valuation date:	6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Average remaining amortization period	26 years as of valuation date
Asset valuation method	15 year Smoothed Market value
Inflation	2.75%
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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality Rate Table	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.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

City of Richmond
Required Supplementary Information

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years *

General Pension Plan

	2014	2015
Total Pension Liability		
Service Cost		
Interest	$147,247	$128,954
Differences between expected and actual experience		345,786
Changes of assumptions		322,312
Changes of benefit terms		
Benefit payments, including member contribution refunds	(592,105)	(672,546)
Net change in Total Pension Liability	(444,858)	124,506
Total Pension Liability at beginning of year	4,219,909	3,775,051
Total pension liability at end of year	$3,775,051	$3,899,557
Fiduciary Net Position		
Contributions - employer	$602,970	$602,970
Contributions - donations and other income		
Contributions - member		
Net investment income	(837)	2,017
Other additions		
Benefit payments, including member contribution refunds	(592,105)	(672,546)
Administrative expenses		
Other deductibles		
Net change in Fiduciary Net Position	10,028	(67,559)
Fiduciary Net Position at beginning of year	1,033,168	1,043,196
Fiduciary net position at end of year	$1,043,196	$975,637
Net pension liability (asset) at end of year	$2,731,855	$2,923,920
Fiduciary net position as percentage of total pension liability	27.6%	25.0%
Covered-employee payroll	n/a	n/a
Net pension liability as percentage of covered-employee payroll	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years *

Police and Firemen's Pension Plan

	2014	2015
Total Pension Liability		
Service Cost		
Interest	$1,579,762	$1,464,746
Differences between expected and actual experience		(323,462)
Changes of assumptions		1,380,854
Changes of benefit terms		
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)
Net change in Total Pension Liability	(1,857,125)	(552,283)
Total Pension Liability at beginning of year	25,094,272	23,237,147
Total pension liability at end of year	$23,237,147	$22,684,864
Fiduciary Net Position		
Contributions - employer	$740,235	$740,235
Contributions - donations and other income		
Contributions - member		
Net investment income	2,968,492	369,240
Other additions		
Benefit payments, including member contribution refunds	(3,436,887)	(3,074,421)
Administrative expenses		
Other deductibles	(3,424,568)	
Net change in Fiduciary Net Position	(3,152,728)	(1,964,946)
Fiduciary Net Position at beginning of year	19,834,552	16,681,824
Fiduciary net position at end of year	$16,681,824	$14,716,878
Net pension liability (asset) at end of year	$6,555,323	$7,967,986
Fiduciary net position as percentage of total pension liability	71.8%	64.88%
Covered-employee payroll	n/a	n/a
Net pension liability as percentage of covered-employee payroll	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

	2014	2015
Total Pension Liability		
Service Cost		
Interest	$30,759	$28,597
Differences between expected and actual experience		(45,458)
Changes of assumptions		64,544
Changes of benefit terms		
Benefit payments, including member contribution refunds	(87,140)	(88,883)
Net change in Total Pension Liability	(56,381)	(41,200)
Total Pension Liability at beginning of year	863,415	807,034
Total pension liability at end of year	$807,034	$765,834
Fiduciary Net Position		
Contributions - employer	$102,140	$102,140
Contributions - donations and other income		
Contributions - member		
Net investment income	227	577
Other additions		
Benefit payments, including member contribution refunds	(87,141)	(88,883)
Administrative expenses		
Other deductibles		
Net change in Fiduciary Net Position	15,226	13,834
Fiduciary Net Position at beginning of year	244,661	259,887
Fiduciary net position at end of year	$259,887	$273,721
Net pension liability (asset) at end of year	$547,147	$492,113
Fiduciary net position as percentage of total pension liability	32.2%	35.7%
Covered-employee payroll	n/a	n/a
Net pension liability as percentage of covered-employee payroll	n/a	n/a

* Fiscal year 2014 was the 1st year of implementation.

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, 2006	$2,215,648	$2,215,648	$0	n/a	n/a
June 30, 2007	2,215,648	6,215,648	(4,000,000)	n/a	n/a
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	0	2,257,912	n/a	n/a
June 30, 2012	1,596,771	0	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	0	n/a	n/a
General Pension Plan					
June 30, 2006	$238,264	$238,264	$0	n/a	n/a
June 30, 2007	238,264	238,264	0	n/a	n/a
June 30, 2008	307,948	307,948	0	n/a	n/a
June 30, 2009	307,948	307,948	0	n/a	n/a
June 30, 2010	486,092	486,092	0	n/a	n/a
June 30, 2011	486,092	486,092	0	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	0	n/a	n/a
June 30, 2015	602,970	602,970	0	n/a	n/a
Garfield Pension Plan					
June 30, 2006	$73,917	$73,917	$0	n/a	n/a
June 30, 2007	73,917	73,917	0	n/a	n/a
June 30, 2008	72,484	72,484	0	n/a	n/a
June 30, 2009	72,484	72,484	0	n/a	n/a
June 30, 2010	76,692	76,692	0	n/a	n/a
June 30, 2011	76,692	76,692	0	n/a	n/a
June 30, 2012	78,731	0	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	0	n/a	n/a
June 30, 2015	102,140	102,140	0	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.			
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	5 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%	3.00%	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
Police and Fireman's Plan	3.90%	2.40%
General Pension Plan	0.10%	0.30%
Garfield Pension Plan	0.40%	0.30%

* Fiscal year 2014 was the 1st year of implementation.

OTHER POST-EMPLOYMENT BENEFITS PLAN SCHEDULES

SCHEDULE OF CONTRIBUTIONS

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	$8,586,000	$4,030,889	47%	$21,469,178
6/30/2014	11,427,000	2,012,286	18%	30,883,892
6/30/2015	12,081,000	3,889,097	32%	39,075,795

SCHEDULE OF FUNDING PROGRESS

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2009	$6,813,000	$82,883,000	($76,070,000)	8%	$69,788,000	-109%
7/1/2011	1,804,000	94,486,000	(92,682,000)	2%	72,327,000	-128%
7/1/2013	986,000	126,447,000	(125,461,000)	1%	71,393,000	-176%

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

State Gas Tax Fund accounts for the subventions received from state gas taxes under the provision of the Streets and Highways Code. State gas taxes are restricted to uses for street construction activities including location of underground utilities, geotechnical work relating to identification of soil and groundwater contamination, materials sampling and testing.

General Purpose Fund accounts for other restricted monies that are to be used for the specific purposes for which the funds were set up.

Paratransit Operations Fund accounts for monies used to provide subsidized, accessible transportation to the seniors and disabled residents of the City of Richmond and the adjacent unincorporated areas of West Contra Costa County.

Employment & Training Fund is a fund set up to plan, administer and operate job training programs for the adult and youth residents of Richmond.

Public Safety Fund records the receipt and use of grant monies under the Local Law Enforcements Block Grant Program, Office of Traffic Safety Grants, OES Grants, FEMA Grants and various other grants.

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

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

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

Richmond Neighborhood Stabilization Corporation Fund - The Richmond Neighborhood Stabilization Corporation Special Revenue Fund accounts for the activities of the Corporation.

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.

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS				SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training	Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	2005 Pension Obligation Bonds	Civic Center Debt Service	General Debt Service
ASSETS												
Cash and investments	$2,045,357	$19,614		$1,240,040	$629,458	$972,411		$358	$39,303			
Restricted cash and investments				4,661					25,617	$8,148,121	$3,625,455	
Receivables:												
Accounts, net	278,669		$2,055	46,076			$14,793					
Interest												
Grants		1,175,618		1,120,436	24,641							
Loans									1,011,214			
Prepaids and other assets				484								
Property held for resale									648,238			
Total Assets	$2,324,026	$1,195,232	$2,055	$2,411,697	$654,099	$972,411	$14,793	$358	$1,724,372	$8,148,121	$3,625,455	
LIABILITIES												
Accounts payable and accrued liabilities	$67,227	$119,931	$13,096	$154,289	$1,476	$33,501	$17,439		$18,220			
Due to other funds			242,673				512,340		88,797	$1,109,177	$745,845	
Unearned revenue		47,966		237,639							3,219,405	
Total Liabilities	67,227	167,897	255,769	391,928	1,476	33,501	529,779		107,017	1,109,177	3,965,250	
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue		721,671		103,798					$1,011,214			
FUND BALANCE												
Nonspendable				484								
Restricted	2,256,799	305,664		1,915,487	652,623	938,910		$358	606,141	7,038,944		
Assigned												
Unassigned			(253,714)				(514,986)				(339,795)	
Total Fund Balances (Deficits)	2,256,799	305,664	(253,714)	1,915,971	652,623	938,910	(514,986)	358	606,141	7,038,944	(339,795)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$2,324,026	$1,195,232	$2,055	$2,411,697	$654,099	$972,411	$14,793	$358	$1,724,372	$8,148,121	$3,625,455	

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	CAPITAL PROJECTS FUNDS			
	General Capital Improvement	Measure C / J	Harbor Navigation	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments		$508,452	$430,083	$5,885,076
Restricted cash and investments	$3,580,942		345,225	15,730,021
Receivables:				
Accounts, net		1,322,036		1,663,629
Interest	13			13
Grants	1,036,926	151,095		3,508,716
Loans				1,011,214
Prepaids and other assets				484
Land held for resale				648,238
Total Assets	$4,617,881	$1,981,583	$775,308	$28,447,391
LIABILITIES				
Accounts payable and accrued liabilities	$674,112	$119,962		$1,219,253
Due to other funds	778,023			3,476,855
Unearned revenue				3,505,010
Total Liabilities	1,452,135	119,962		8,201,118
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	252,097	1,473,131		3,561,911
FUND BALANCE				
Nonspendable				484
Restricted	2,913,649	388,490	$345,225	17,362,290
Assigned			430,083	430,083
Unassigned				(1,108,495)
Total Fund Balances (Deficits)	2,913,649	388,490	775,308	16,684,362
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$4,617,881	$1,981,583	$775,308	$28,447,391

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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, 2015

	SPECIAL REVENUE FUNDS			
	State Gas Tax	General Purpose	Paratransit Operations	Employment and Training
REVENUES				
Property taxes				
Licenses, permits and fees		$18,750		$709,970
Fines, forfeitures and penalties		21,284		
Use of money and property	$4,559	3,233		
Intergovernmental	2,955,407	2,428,618	$1,035,625	2,941,156
Charges for services			43,515	212,827
Pension stabilization revenue				
Other		5,434	6,683	156,113
Total Revenues	2,959,966	2,477,319	1,085,823	4,020,066
EXPENDITURES				
Current:				
General government		179,066	1,071,261	
Public safety		948,003		
Public works	918,994	2,725		
Community development				4,416,071
Cultural and recreational		313,571		
Housing and redevelopment				
Capital outlay	1,340,241	848,465		
Debt Service:				
Principal				
Interest and fiscal charges				
Total Expenditures	2,259,235	2,291,830	1,071,261	4,416,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	700,731	185,489	14,562	(396,005)
OTHER FINANCING SOURCES (USES)				
Issuance of debt				
Transfers in		24,666	50,000	909,496
Transfers (out)		(213,327)		
Total Other Financing Sources (Uses)		(188,661)	50,000	909,496
NET CHANGE IN FUND BALANCES	700,731	(3,172)	64,562	513,491
BEGINNING FUND BALANCES (DEFICITS),	1,556,068	308,836	(318,276)	1,402,480
ENDING FUND BALANCES (DEFICITS)	$2,256,799	$305,664	($253,714)	$1,915,971

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
	Public Safety	Lighting and Landscaping Districts	Developer Impact Fees	Secured Pension Override	Richmond Neighborhood Stabilization Corporation	2005 Pension Obligation Bonds	Civic Center Debt Service	General Debt Service
REVENUES								
Property taxes		$1,368,669		$4,584,426		$9,640,316		
Licenses, permits and fees			$2,571,803					
Fines, forfeitures and penalties								
Use of money and property	$4,202	2,750	4,574	4,864		855	$471	
Intergovernmental	238,616							
Charges for services		19,940					103,750	
Pension stabilization revenue						954,202		
Other	162,150							
Total Revenues	404,968	1,391,359	2,576,377	4,589,290		10,595,373	104,221	
EXPENDITURES								
Current:								
General government				16,091				
Public safety	269,618			740,235				
Public works		1,951,656						
Community development								
Cultural and recreational			46,385					
Housing and redevelopment					$42,097			
Capital outlay			734,301					
Debt Service:								
Principal		64,135				4,468,000		$1,190,000
Interest and fiscal charges		10,961				5,072,780	6,797,594	899,727
Total Expenditures	269,618	2,026,752	780,686	756,326	42,097	9,540,780	6,797,594	2,089,727
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	135,350	(635,393)	1,795,691	3,832,964	(42,097)	1,054,593	(6,693,373)	(2,089,727)
OTHER FINANCING SOURCES (USES)								
Issuance of debt							10,659,909	
Transfers in		567,350						2,108,174
Transfers (out)	(665,028)			(3,837,954)		(998,839)	(421,513)	
Total Other Financing Sources (Uses)	(665,028)	567,350		(3,837,954)		(998,839)	10,238,396	2,108,174
NET CHANGE IN FUND BALANCES	(529,678)	(68,043)	1,795,691	(4,990)	(42,097)	55,754	3,545,023	18,447
BEGINNING FUND BALANCES (DEFICITS),	1,182,301	1,006,953	(2,310,677)	5,348	648,238	6,983,190	(3,884,818)	(18,447)
ENDING FUND BALANCES (DEFICITS)	$652,623	$938,910	($514,986)	$358	$606,141	$7,038,944	($339,795)	

(Continued)

CITY OF RICHMOND
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	CAPITAL PROJECTS FUNDS			
	General Capital Improvement	Measure C / J	Harbor Navigation	Total Nonmajor Governmental Funds
REVENUES				
Property taxes				$15,593,411
Licenses, permits and fees				3,300,523
Fines, forfeitures and penalties				21,284
Use of money and property	$799	$1,806	$1,371	29,484
Intergovernmental	893,362	985,910		11,478,694
Charges for services				380,032
Pension stabilization revenue				954,202
Other	176,151			506,531
Total Revenues	1,070,312	987,716	1,371	32,264,161
EXPENDITURES				
Current:				
General government				1,266,418
Public safety				1,957,856
Public works	525,043	261,784		3,660,202
Community development				4,416,071
Cultural and recreational	3,068			363,024
Housing and redevelopment				42,097
Capital outlay	3,368,762	1,287,060		7,578,829
Debt Service:				
Principal				5,722,135
Interest and fiscal charges				12,781,062
Total Expenditures	3,896,873	1,548,844		37,787,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,826,561)	(561,128)	1,371	(5,523,533)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	515,527			11,175,436
Transfers in		39,352		3,699,038
Transfers (out)	(24,666)			(6,161,327)
Total Other Financing Sources (Uses)	490,861	39,352		8,713,147
NET CHANGE IN FUND BALANCES	(2,335,700)	(521,776)	1,371	3,189,614
BEGINNING FUND BALANCES (DEFICITS),	5,249,349	910,266	773,937	13,494,748
ENDING FUND BALANCES (DEFICITS)	$2,913,649	$388,490	$775,308	$16,684,362

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CITY OF RICHMOND
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	STATE GAS TAX			GENERAL PURPOSE			PARATRANSIT OPERATIONS			PUBLIC SAFETY			LIGHTING AND LANDSCAPING DISTRICTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES															
Property taxes													$1,367,848	$1,368,669	$821
Licenses, permits and fees				$425,000	$18,750	($406,250)									
Fines, forfeitures and penalties				20,000	21,284	1,284									
Use of money and property	$13,135	$4,559	($8,576)	2,000	3,233	1,233				$3,535	$4,202	$667		2,750	2,750
Intergovernmental	2,644,939	2,955,407	310,468	2,563,949	2,428,618	(135,331)	$827,426	$1,035,625	$208,199	333,686	238,616	(95,070)			
Charges for services							50,000	43,515	(6,485)					19,940	19,940
Pension stabilization revenue															
Other				57,998	5,434	(52,564)		6,683	6,683	157,000	162,150	5,150			
Total Revenues	2,658,074	2,959,966	301,892	3,068,947	2,477,319	(591,628)	877,426	1,085,823	208,397	494,221	404,968	(89,253)	1,367,848	1,391,359	23,511
EXPENDITURES															
Current:															
General government				380,320	179,066	201,254	1,109,872	1,071,261	38,611						
Public safety				1,323,818	948,003	375,815				736,593	269,618	466,975			
Public works	1,489,592	918,994	570,598	5,136	2,725	2,411							1,973,506	1,951,656	21,850
Community development															
Cultural and recreational				940,470	313,571	626,899									
Housing and redevelopment															
Capital outlay	1,462,928	1,340,241	122,687	1,010,826	848,465	162,361				114,000		114,000			
Debt Service:															
Principal													64,135	64,135	
Interest and fiscal charges													10,961	10,961	
Total Expenditures	2,952,520	2,259,235	693,285	3,660,570	2,291,830	1,368,740	1,109,872	1,071,261	38,611	850,593	269,618	580,975	2,048,602	2,026,752	21,850
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(294,446)	700,731	995,177	(591,623)	185,489	777,112	(232,446)	14,562	247,008	(356,372)	135,350	491,722	(680,754)	(635,393)	45,361
OTHER FINANCING SOURCES (USES)															
Issuance of debt															
Transfers in				24,666	24,666		50,000	50,000					567,350	567,350	
Transfers (out)				(10,000)	(213,327)	(203,327)					(665,028)	(665,028)			
Total Other Financing Sources (Uses)				14,666	(188,661)	(203,327)	50,000	50,000			(665,028)	(665,028)	567,350	567,350	
NET CHANGE IN FUND BALANCES	($294,446)	700,731	$995,177	($576,957)	(3,172)	$573,785	($182,446)	64,562	$247,008	($356,372)	(529,678)	($173,306)	($113,404)	(68,043)	$45,361
BEGINNING FUND BALANCES (DEFICITS),		1,556,068			308,836			(318,276)			1,182,301			1,006,953	
ENDING FUND BALANCES (DEFICITS)		$2,256,799			$305,664			($253,714)			$652,623			$938,910	

(Continued)

CITY OF RICHMOND
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	DEVELOPER IMPACT FEES			RICHMOND NEIGHBORHOOD STABILIZATION CORPORATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Licenses, permits and fees	$101,312	$2,571,803	$2,470,491			
Fines, forfeitures and penalties						
Use of money and property	11,833	4,574	(7,259)			
Intergovernmental						
Charges for services						
Pension stabilization revenue						
Other						
Total Revenues	113,145	2,576,377	2,463,232			
EXPENDITURES						
Current:						
General government						
Public safety	77,794		77,794			
Public works						
Community development						
Cultural and recreational	133,000	46,385	86,615			
Housing and redevelopment				$51,843	$42,097	$9,746
Capital outlay	928,009	734,301	193,708			
Debt Service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,138,803	780,686	358,117	51,843	42,097	9,746
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,025,658)	1,795,691	2,821,349	(51,843)	(42,097)	9,746
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	($1,025,658)	1,795,691	$2,821,349	($51,843)	(42,097)	$9,746
BEGINNING FUND BALANCES (DEFICITS),		(2,310,677)			648,238	
ENDING FUND BALANCES (DEFICITS)		($514,986)			$606,141	

	2005 PENSION OBLIGATION BONDS			CIVIC CENTER DEBT SERVICE			GENERAL DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES									
Property taxes	$9,640,316	$9,640,316							
Licenses, permits and fees									
Fines, forfeitures and penalties									
Use of money and property		855	$855		$471	$471			
Intergovernmental									
Charges for services				$3,852,952	103,750	(3,749,202)			
Pension stabilization revenue	955,243	954,202	(1,041)						
Other									
Total Revenues	10,595,559	10,595,373	(186)	3,852,952	104,221	(3,748,731)			
EXPENDITURES									
Current:									
General government									
Public safety									
Public works									
Community development									
Cultural and recreational									
Housing and redevelopment									
Capital outlay									
Debt Service:									
Principal	4,468,000	4,468,000					$1,190,000	$1,190,000	
Interest and fiscal charges	5,116,181	5,072,780	43,401	5,441,171	6,797,594	(1,356,423)	900,478	899,727	$751
Total Expenditures	9,584,181	9,540,780	43,401	5,441,171	6,797,594	(1,356,423)	2,090,478	2,089,727	751
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,011,378	1,054,593	43,215	(1,588,219)	(6,693,373)	(5,105,154)	(2,090,478)	(2,089,727)	751
OTHER FINANCING SOURCES (USES)									
Transfers in					10,659,909	10,659,909	2,103,978	2,108,174	4,196
Transfers (out)	(980,575)	(998,839)	(18,264)		(421,513)	(421,513)			
Total Other Financing Sources (Uses)	(980,575)	(998,839)	(18,264)		10,238,396	10,238,396	2,103,978	2,108,174	4,196
NET CHANGE IN FUND BALANCES	$30,803	55,754	$24,951	($1,588,219)	3,545,023	$5,133,242	$13,500	18,447	$4,947
BEGINNING FUND BALANCES (DEFICITS),		6,983,190			(3,884,818)			(18,447)	
ENDING FUND BALANCES (DEFICITS)		$7,038,944			($339,795)				

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NON-MAJOR ENTERPRISE FUNDS

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

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

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

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2015

	Richmond Marina	Storm Sewer	Cable TV	Total
ASSETS				
Current Assets				
Cash and investments	$3,262,392		$585,231	$3,847,623
Receivables:				
Accounts	65,245	$3,011	357,623	425,879
Total Current Assets	3,327,637	3,011	942,854	4,273,502
Noncurrent Assets				
Capital assets:				
Depreciable, net	1,693,522	2,859,557	49,864	4,602,943
Advances to other funds		167,451		167,451
Total Noncurrent Assets	1,693,522	3,027,008	49,864	4,770,394
Total Assets	5,021,159	3,030,019	992,718	9,043,896
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions		44,507	92,603	137,110
Total Deferred Outflows of Resources		44,507	92,603	137,110
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities		17,650	6,336	23,986
Refundable deposits	80,681	1,200		81,881
Interest payable	118,024			118,024
Due to other funds		2,328,495		2,328,495
Compensated absences		8,647	40,684	49,331
Current portion of long term debt	78,062			78,062
Total Current Liabilities	276,767	2,355,992	47,020	2,679,779
Noncurrent Liabilities				
Advance from other funds		2,139,930		2,139,930
Long-term debt	2,783,127			2,783,127
Net pension liability		542,942	1,129,670	1,672,612
Total Noncurrent Liabilities	2,783,127	2,682,872	1,129,670	6,595,669
Total Liabilities	3,059,894	5,038,864	1,176,690	9,275,448
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions		146,886	305,618	452,504
Total Deferred Inflows of Resources		146,886	305,618	452,504
NET POSITION				
Net investment in capital assets	(1,167,667)	2,859,557	49,864	1,741,754
Unrestricted	3,128,932	(4,970,781)	(446,851)	(2,288,700)
Total Net Position	$1,961,265	($2,111,224)	($396,987)	($546,946)

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Richmond Marina	Storm Sewer	Cable TV	Total
OPERATING REVENUES				
Service charges		$1,841,085	$1,139,258	$2,980,343
Lease income	$488,201	4,563		492,764
Other			236,936	236,936
Total Operating Revenues	488,201	1,845,648	1,376,194	3,710,043
OPERATING EXPENSES				
Salaries and benefits		271,139	624,302	895,441
General and administrative	20,824	2,007,909	301,049	2,329,782
Depreciation	85,196	929,867	23,031	1,038,094
Other			44	44
Total Operating Expenses	106,020	3,208,915	948,426	4,263,361
Operating Income (Loss)	382,181	(1,363,267)	427,768	(553,318)
NONOPERATING REVENUES (EXPENSES)				
Interest income	9,506		2,137	11,643
Interest (expense)	(129,034)	(73,491)		(202,525)
Total Nonoperating Revenues (Expenses)	(119,528)	(73,491)	2,137	(190,882)
OTHER FINANCING SOURCES (USES)				
Grants		311,932		311,932
Transfers out	(100,000)		(500,000)	(600,000)
Total Other Financing Sources (Uses)	(100,000)	311,932	(500,000)	(288,068)
Change in Net Position	162,653	(1,124,826)	(70,095)	(1,032,268)
BEGINNING NET POSITION, AS RESTATED	1,798,612	(986,398)	(326,892)	485,322
ENDING NET POSITION	$1,961,265	($2,111,224)	($396,987)	($546,946)

CITY OF RICHMOND
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Richmond Marina	Storm Sewer	Cable TV	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$477,544	$1,848,597	$1,354,201	$3,680,342
Payments to suppliers	(23,315)	(2,277,438)	(306,685)	(2,607,438)
Payments to employees		(284,597)	(627,430)	(912,027)
Cash Flows from Operating Activities	454,229	(713,438)	420,086	160,877
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers Out	(100,000)		(500,000)	(600,000)
Interfund receipts (payments)		474,997		474,997
Cash Flows from Noncapital Financing Activities	(100,000)	474,997	(500,000)	(125,003)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Grant receipts		311,932		311,932
Repayment of long-term borrowing	(74,700)			(74,700)
Interest paid	(132,115)	(73,491)		(205,606)
Cash flows from capital financing activities	(206,815)	238,441		31,626
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	10,137		2,283	12,420
Cash Flows from Investing Activities	10,137		2,283	12,420
Net Cash Flows	157,551		(77,631)	79,920
Cash and investments at beginning of period	3,104,841		662,862	3,767,703
Cash and investments at end of period	$3,262,392		$585,231	$3,847,623
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	$382,181	($1,363,267)	$427,768	($553,318)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation	85,196	929,867	23,031	1,038,094
Change in assets and liabilities:				
Accounts receivable	(10,657)	2,949	(21,993)	(29,701)
Accounts payable and accrued liabilities and other accrued expenses	(2,491)	(269,529)	(5,592)	(277,612)
Compensated absences		(11,391)	1,170	(10,221)
Net pension liability and deferred outflows/inflows of resources		(2,067)	(4,298)	(6,365)
Cash Flows from Operating Activities	$454,229	($713,438)	$420,086	$160,877

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.

CITY OF RICHMOND
INTERNAL SERVICES FUND
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2015

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Total
ASSETS				
Current Assets				
Cash and investments	$3,583,044	$485,069	$1,169,284	$5,237,397
Receivables:				
Accounts			310,189	310,189
Interest	178			178
Loan	750,000			750,000
Due from other funds	19,845,158			19,845,158
Total Current Assets	24,178,380	485,069	1,479,473	26,142,922
Noncurrent Assets				
Capital assets:				
Nondepreciable		230,725		230,725
Depreciable, net		6,279,036	160,754	6,439,790
Advances to other funds	2,139,930			2,139,930
Total Noncurrent Assets	2,139,930	6,509,761	160,754	8,810,445
Total Assets	26,318,310	6,994,830	1,640,227	34,953,367
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	234,738			234,738
Total Deferred Outflows of Resources	234,738			234,738
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	169,540	19,500	45,866	234,906
Interest payable		298		298
Accrued claims liabilities	7,919,524			7,919,524
Current portion of long-term debt		342,808		342,808
Total Current Liabilities	8,089,064	362,606	45,866	8,497,536
Noncurrent Liabilities				
Compensated absences	71,374		190,831	262,205
Unearned revenue			1,197,765	1,197,765
Accrued claims liabilities	21,664,216			21,664,216
Long-term debt		534,132		534,132
Net pension liability	2,863,581			2,863,581
Total Noncurrent Liabilities	24,599,171	534,132	1,388,596	26,521,899
Total Liabilities	32,688,235	896,738	1,434,462	35,019,435
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	774,705			774,705
Total Deferred Inflows of Resources	774,705			774,705
NET POSITION (DEFICIT)				
Net investment in capital assets		5,632,821	160,754	5,793,575
Unrestricted	(6,909,892)	465,271	45,011	(6,399,610)
Total Net Position (Deficit)	($6,909,892)	$6,098,092	$205,765	($606,035)

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FRO THE YEAR ENDED JUNE 30, 2015

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Total
OPERATING REVENUES				
Charges for services-internal	$17,632,785	$350,000	$3,382,452	$21,365,237
Charges for services-external			1,664,198	1,664,198
Total Operating Revenues	17,632,785	350,000	5,046,650	23,029,435
OPERATING EXPENSES				
Salaries and benefits	1,301,266		3,883,298	5,184,564
General and administrative	1,338,233	182,004	749,404	2,269,641
Maintenance		134,707	363,175	497,882
Depreciation		1,962,792	110,759	2,073,551
Claims losses	15,857,256			15,857,256
Other	10,351			10,351
Total Operating Expenses	18,507,106	2,279,503	5,106,636	25,893,245
Operating Income (Loss)	(874,321)	(1,929,503)	(59,986)	(2,863,810)
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) from sale of property		(81,055)		(81,055)
Interest income	142,693	2,301		144,994
Interest expense		(38,301)		(38,301)
Total Nonoperating Revenues (Expenses)	142,693	(117,055)		25,638
Income Before Transfers	(731,628)	(2,046,558)	(59,986)	(2,838,172)
Transfers in	400,000	714,081		1,114,081
Net Transfers	400,000	714,081		1,114,081
Change in Net Position	(331,628)	(1,332,477)	(59,986)	(1,724,091)
BEGINNING NET POSITION (DEFICIT), AS RESTATED	(6,578,264)	7,430,569	265,751	1,118,056
ENDING NET POSITION (DEFICIT)	($6,909,892)	$6,098,092	$205,765	($606,035)

CITY OF RICHMOND
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Insurance Reserves	Equipment Services and Replacement	Police Tele-communications	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$18,032,785	$350,000	$5,074,827	$23,457,612
Payments to employees	(1,294,363)		(3,890,993)	(5,185,356)
Payments to suppliers	(1,271,929)	(408,051)	(1,073,544)	(2,753,524)
Insurance premiums and claims paid	(11,970,666)			(11,970,666)
Cash Flows from Operating Activities	3,495,827	(58,051)	110,290	3,548,066
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payments	(962,214)			(962,214)
Transfers in	400,000	714,081		1,114,081
Cash Flows from Noncapital Financing Activities	(562,214)	714,081		151,867
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets		(894,081)		(894,081)
Principal payments on capital debt		(572,646)		(572,646)
Interest and fiscal charges paid		(38,473)		(38,473)
Cash Flows from Capital and Related Financing Activities		(1,505,200)		(1,505,200)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	146,563	2,680	80	149,323
Cash Flows from Investing Activities	146,563	2,680	80	149,323
Net Cash Flows	3,080,176	(846,490)	110,370	2,344,056
Cash and investments at beginning of period	502,868	1,331,559	1,058,914	2,893,341
Cash and investments at end of period	$3,583,044	$485,069	$1,169,284	$5,237,397
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	($874,321)	($1,929,503)	($59,986)	($2,863,810)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation		1,962,792	110,759	2,073,551
Change in assets and liabilities:				
Receivables, net	400,000		167,484	567,484
Accounts and other payables	76,655	(91,340)	39,035	24,350
Unearned revenue			(139,307)	(139,307)
Compensated absences	17,800		(7,695)	10,105
Claims payable	3,886,590			3,886,590
(Decrease) increase in due to retirement system	(10,897)			(10,897)
Cash Flows from Operating Activities	$3,495,827	($58,051)	$110,290	$3,548,066
Non cash transactions:				
Retirement of capital assets		$81,055		$81,055

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

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

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.

CITY OF RICHMOND
STATEMENT OF PENSION TRUST FUNDS NET POSITION
JUNE 30, 2015

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ASSETS				
Pension plan cash and investments:				
City of Richmond investment pool	$975,637	$1,361,101	$101,282	$2,438,020
Local Agency Investment Fund			172,439	172,439
Mutual Fund Investments		13,355,777		13,355,777
Total Assets	975,637	14,716,878	273,721	15,966,236
NET POSITION				
Restricted for employees' pension benefits	$975,637	$14,716,878	$273,721	$15,966,236

CITY OF RICHMOND
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN PENSION TRUST FUNDS NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	General Pension	Police and Fireman's Pension	Garfield Pension	Total
ADDITIONS				
Net investment income:				
Net increase (decrease) in the fair value of investments		$162,654		$162,654
Interest income	$2,016	309,623	$576	312,215
Investment management fees		(103,037)		(103,037)
Contributions to trust	602,970	740,235	102,140	1,445,345
Total Additions	604,986	1,109,475	102,716	1,817,177
DEDUCTIONS				
Pension benefits	672,545	3,074,421	88,882	3,835,848
Total Deductions	672,545	3,074,421	88,882	3,835,848
Net Increase (Decrease)	(67,559)	(1,964,946)	13,834	(2,018,671)
NET POSITION RESTRICTED FOR PENSIONS				
Beginning of year	1,043,196	16,681,824	259,887	17,984,907
End of year	$975,637	$14,716,878	$273,721	$15,966,236

CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
ASSETS			
Cash and investments		$919,176	$919,176
Restricted cash and investments	$12,759,446	24,602,695	37,362,141
Accounts receivable	11,497	180,538	192,035
Interest receivable	113		113
Grants receivable		9,814,385	9,814,385
Loans receivable		2,086,000	2,086,000
Prepaids and other assets		6,955,456	6,955,456
Capital assets:			
Nondepreciable		22,931,406	22,931,406
Depreciable, net		8,395	8,395
Total Assets	12,771,056	67,498,051	80,269,107
LIABILITIES			
Accounts payable and accrued liabilities	4,339,516	2,663,608	7,003,124
Interest payable		1,505,119	1,505,119
Derivative instrument at fair value-liability		5,809,000	5,809,000
Long-term debt:			
Due within one year		7,050,500	7,050,500
Due in more than one year		110,414,779	110,414,779
Total Liabilities	4,339,516	127,443,006	131,782,522
NET POSITION			
Held in trust other governments	$8,431,540	($59,944,955)	($51,513,415)

CITY OF RICHMOND
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Pt. Molate	Successor Agency to the Richmond Community Redevelopment Agency	Total
ADDITIONS			
Property taxes		$17,206,306	$17,206,306
Investment income	$1,889	1,594,996	1,596,885
Intergovernmental revenue		12,682,972	12,682,972
Miscellaneous revenue		290,409	290,409
Total Additions	1,889	31,774,683	31,776,572
DEDUCTIONS			
Community development		13,630,179	13,630,179
Payments in accordance with trust agreements	10,359,428		10,359,428
Payment to the County		4,067,242	4,067,242
Depreciation		12,369	12,369
Interest and fiscal charges		5,856,114	5,856,114
Total Deductions	10,359,428	23,565,904	33,925,332
Change in net position	(10,357,539)	8,208,779	(2,148,760)
NET POSITION (DEFICIT), BEGINNING OF YEAR	18,789,079	(68,153,734)	(49,364,655)
NET POSITION (DEFICIT), END OF YEAR	$8,431,540	($59,944,955)	($51,513,415)

CITY OF RICHMOND
SUBCOMBINING SCHEDULE OF NET POSITION OF THE
SUCCESSOR AGENCY TO THE RICHMOND COMMUNITY REDEVELOPMENT AGENCY
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2015

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Low to Moderate Income Housing	Bond Funded Capital Projects	Bond Payments	Intra Fund Eliminations	Total
ASSETS								
Cash and investments	$904,415	$12,695				$2,066		$919,176
Restricted cash and investments			$2,738,031		$1,606,257	20,258,407		24,602,695
Accounts receivable			180,538					180,538
Grants receivable			9,814,385					9,814,385
Loans receivable			2,086,000					2,086,000
Due from other funds	8,205,764						($8,205,764)	
Prepaids and other assets			6,955,456					6,955,456
Capital assets:								
Nondepreciable			22,931,406					22,931,406
Depreciable, net			8,395					8,395
Total Assets	9,110,179	12,695	44,714,211		1,606,257	20,260,473	(8,205,764)	67,498,051
LIABILITIES								
Accounts payable and accrued liabilities		12,695	2,648,847			$2,066		2,663,608
Due to other funds			7,749,391		456,373		(8,205,764)	
Interest payable						1,505,119		1,505,119
Derivative instrument at fair value-liability						5,809,000		5,809,000
Long-term debt:								
Due within one year						7,050,500		7,050,500
Due in more than one year						110,414,779		110,414,779
Total Liabilities		12,695	10,398,238		456,373	124,781,464	(8,205,764)	127,443,006
NET POSITION (DEFICIT)								
Held in trust for other governments	$9,110,179		$34,315,973		$1,149,884	($104,520,991)		($59,944,955)

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, 2015

	Redevelopment Property Tax Trust Fund	Administration	Capital Projects	Low to Moderate Income Housing	Bond Funded Capital Projects	Bond Payments	Intra Fund Eliminations	Total
ADDITIONS								
Property taxes	$17,206,306							$17,206,306
Investment income			$149,969		$510	$1,444,517		1,594,996
Intergovernmental revenue		$511,644	11,173,328			998,000		12,682,972
Transfers from other funds		521,067	2,756,286			13,028,779	($16,306,132)	
Miscellaneous revenue			290,409					290,409
Total Additions	17,206,306	1,032,711	14,369,992		510	15,471,296	(16,306,132)	31,774,683
DEDUCTIONS								
Community development		1,032,711	12,597,468					13,630,179
Payment to the County				$4,067,242				4,067,242
Depreciation			12,369					12,369
Interest and fiscal charges						5,856,114		5,856,114
Transfers to other funds	15,371,862		34,815		874,635	24,820	(16,306,132)	
Total Deductions	15,371,862	1,032,711	12,644,652	4,067,242	874,635	5,880,934	(16,306,132)	23,565,904
Change in net position	1,834,444		1,725,340	(4,067,242)	(874,125)	9,590,362		8,208,779
NET POSITION (DEFICIT), BEGINNING OF YEAR	7,275,735		32,590,633	4,067,242	2,024,009	(114,111,353)		(68,153,734)
NET POSITION (DEFICIT), END OF YEAR	$9,110,179		$34,315,973		$1,149,884	($104,520,991)		($59,944,955)

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AGENCY FUNDS

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

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

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

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

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

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

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

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

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Special Assessment				
Cash and investments	$1,015,577	$551,713	$537,664	$1,029,626
Restricted cash and investments	653,333	146		653,479
Interest receivable	207		207	
Total Assets	$1,669,117	$551,859	$537,871	$1,683,105
Due to assessment district bondholders	$1,669,117	$551,859	$537,871	$1,683,105
General Agency				
Cash and investments	$1,096,803	$63,125	$150	$1,159,778
Interest receivable	224		224	
Total Assets	$1,097,027	$63,125	$374	$1,159,778
Accounts payable and accrued liabilities	$112	$9,531	$112	$9,531
Refundable Deposits	1,096,915	53,594	262	1,150,247
Total Liabilities	$1,097,027	$63,125	$374	$1,159,778
Johnson Library				
Cash and investments	$10,156	$33		$10,189
Interest receivable	2		$2	
Total Assets	$10,158	$33	$2	$10,189
Refundable deposits	$10,158	$33	$2	$10,189
Senior Center				
Cash and investments	$50,092	$4,774	$3,061	$51,805
Interest receivable	9		9	
Total Assets	$50,101	$4,774	$3,070	$51,805
Accounts payable and accrued liabilities	$3,061	$2,548	$3,061	$2,548
Refundable Deposits	47,040	2,226	9	49,257
Total Liabilities	$50,101	$4,774	$3,070	$51,805

(Continued)

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
JPFA Reassessment				
Cash and investments	$2,184,981	$922,913	$806,568	$2,301,326
Restricted cash and investments	621,469	12,729		634,198
Interest receivable	441		441	
Investment in reassessment bonds	4,295,000		660,000	3,635,000
Total Assets	$7,101,891	$935,642	$1,467,009	$6,570,524
Due to assessment district bondholders	$7,101,891	$935,642	$1,467,009	$6,570,524
Payroll Benefits				
Cash and investments	$306,754	$800,185	$227,671	$879,268
Accounts receivable	136,501	227,671	136,501	227,671
Total Assets	$443,255	$1,027,856	$364,172	$1,106,939
Accounts payable and accrued liabilities	$443,255	$1,027,856	$364,172	$1,106,939
2006 A&B Reassessment District				
Cash and investments	$956,633	$931,340	$872,019	$1,015,954
Restricted cash and investments	570,689		51,147	519,542
Interest receivable	190		190	
Investment in reassessment bonds	9,047,500		305,000	8,742,500
Total Assets	$10,575,012	$931,340	$1,228,356	$10,277,996
Due to assessment district bondholders	$10,575,012	$931,340	$1,228,356	$10,277,996

(Continued)

CITY OF RICHMOND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
Total Agency Funds				
Cash and investments	$5,620,996	$3,274,083	$2,447,133	$6,447,946
Restricted cash and investments	1,845,491	12,875	51,147	1,807,219
Investment in reassessment bonds	13,342,500		965,000	12,377,500
Accounts receivable	136,501	227,671	136,501	227,671
Interest receivable	1,073		1,073	
Total Assets	$20,946,561	$3,514,629	$3,600,854	$20,860,336
Accounts payable and accrued liabilities	$446,428	$1,039,935	$367,345	$1,119,018
Refundable Deposits	1,154,113	55,853	273	1,209,693
Due to assessment district bondholders	19,346,020	2,418,841	3,233,236	18,531,625
Total Liabilities	$20,946,561	$3,514,629	$3,600,854	$20,860,336

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STATISTICAL SECTION

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

Financial Trends
These schedules contain trend information to help the reader understand how the City's financial performance and 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. Bonded Debt Pledged Revenue Coverage –Tax Allocation Bonds
5. General Bonded Debt – Pension Obligation Bonds
6. Computation of Direct and Overlapping Debt
7. Computation of Legal Bonded Debt Margin

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

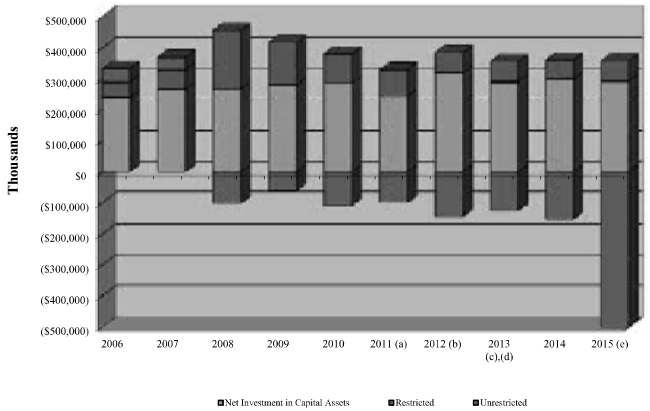
Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

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

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

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



	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011 (a)	2012 (b)	2013 (c),(d)	2014	2015 (e)
Governmental activities										
Net investment in capital assets	$155,930,914	$170,258,857	$188,467,600	$201,607,368	$201,197,639	$164,739,567	$242,281,323	$214,572,546	$227,828,243	$218,144,811
Restricted	49,291,795	60,271,169	188,950,882	135,801,179	72,114,985	78,105,002	57,989,820	55,396,056	50,461,923	54,578,939
Unrestricted	44,525,862	48,795,188	(101,295,871)	(57,236,422)	(66,103,671)	(83,013,306)	(118,620,471)	(119,231,699)	(148,161,106)	(479,961,080)
Total governmental activities net position	$249,748,571	$279,325,214	$276,122,611	$280,172,125	$207,208,953	$159,831,263	$181,650,672	$150,736,903	$130,129,060	($207,237,330)
Business-type activities										
Net investment in capital assets	$82,419,674	$97,164,301	$77,558,806	$79,540,643	$86,432,590	$78,162,970	$76,731,871	$76,966,448	$72,911,000	$74,922,303
Restricted	2,283,065	1,427,804	1,526,840	612,613	21,150,740	8,334,722	8,169,878	9,196,255	9,793,767	9,408,237
Unrestricted	(1,351,641)	(8,084,756)	(519,625)	(3,963,417)	(42,004,396)	(16,389,951)	(24,759,367)	(6,365,742)	(3,096,845)	(18,432,590)
Total business-type activities net position	$83,351,098	$90,507,349	$78,566,021	$76,189,839	$65,578,934	$70,107,741	$60,142,382	$79,796,961	$79,607,922	$65,897,950
Primary government										
Net investment in capital assets	$238,350,588	$267,423,158	$266,026,406	$281,148,011	$287,630,229	$242,902,537	$319,013,194	$291,538,994	$300,739,243	$293,067,114
Restricted	51,574,860	61,698,973	190,477,722	136,413,792	93,265,725	86,439,724	66,159,698	64,592,311	60,255,690	63,987,176
Unrestricted	43,174,221	40,710,432	(101,815,496)	(61,199,839)	(108,108,067)	(99,403,257)	(143,379,838)	(125,597,441)	(151,257,951)	(498,393,670)
Total primary government net position	$333,099,669	$369,832,563	$354,688,632	$356,361,964	$272,787,887	$229,939,004	$241,793,054	$230,533,864	$209,736,982	($141,339,380)

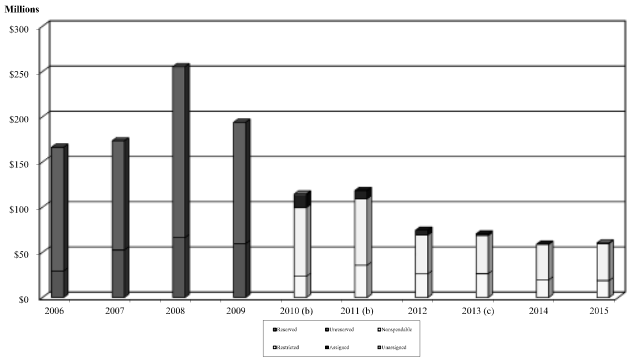
(a) Balance was restated in fiscal year 2012. Years prior to 2011 have not been restated.
(b) Balance was restated in fiscal year 2013. Years prior to 2012 have not been restated.
(c) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "net assets" with 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.

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

	Fiscal Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013 (b)	2014	2015 (c)
Expenses										
Governmental Activities:										
General Government	$20,757,394	$24,107,042	$26,826,443	$18,745,594	$19,044,449	$17,127,696	$32,549,754	$35,272,517	$36,119,297	$28,879,074
Public Safety	64,704,505	69,145,528	80,140,357	91,432,506	95,147,888	101,613,767	100,403,365	97,136,602	102,664,551	102,732,652
Public Works	40,119,182	25,265,766	31,252,681	43,289,943	43,342,529	41,004,033	42,747,958	46,011,618	46,403,830	43,363,799
Community Development	6,400,700	5,446,357	5,046,846	4,316,710	7,698,693	7,685,733	5,845,968	4,909,158	4,618,101	4,771,875
Cultural and Recreational	10,516,483	15,637,748	19,624,717	16,618,663	14,952,438	14,647,978	14,583,687	12,129,962	10,808,931	10,492,020
Housing and Redevelopment	14,587,522	11,338,512	17,471,811	19,209,243	18,014,624	15,524,912	19,768,765	2,816,094	1,984,908	2,751,290
Interest and Fiscal Charges	13,970,272	16,041,384	24,242,109	22,961,838	30,251,260	23,108,139	19,633,486	15,411,831	19,439,248	17,219,905
Total Governmental Activities Expenses	171,056,058	166,982,337	204,604,964	216,574,497	228,451,881	220,712,258	235,532,983	213,687,782	222,038,866	210,210,615
Business-Type Activities:										
Richmond Housing Authority	25,761,763	21,902,483	24,324,334	23,335,623	27,709,496	27,246,056	30,989,229	28,992,229	29,771,151	28,049,474
Port of Richmond	2,896,324	3,690,733	4,589,789	4,739,269	8,611,216	7,033,016	7,868,918	9,337,252	9,530,693	9,923,282
Richmond Marina	245,732	331,099	240,542	235,571	232,855	343,734	1,681,461	266,918	253,190	235,054
Municipal Sewer	9,599,570	12,236,185	15,084,727	14,290,536	13,611,098	14,193,822	14,655,752	16,964,175	16,298,623	15,965,608
Storm Sewer	2,953,974	3,590,975	4,685,796	4,466,645	2,527,838	2,670,397	2,744,775	2,815,541	3,210,678	3,282,406
Cable TV	702,849	798,758	853,646	898,370	991,506	961,059	1,037,142	990,802	890,846	948,426
Convention Center	274,542									
Total Business-Type Activities Expenses	42,434,754	42,550,233	49,778,834	47,966,014	53,684,009	52,448,084	58,977,277	59,366,917	59,955,181	58,404,250
Total Primary Government Expenses	$213,490,812	$209,532,570	$254,383,798	$264,540,511	$282,135,890	$273,160,342	$294,510,260	$273,054,699	$281,994,047	$268,614,865
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$9,579,562	$12,500,031	$13,061,289	$7,813,724	$6,612,893	$8,155,496	$8,496,532	$11,596,612	$16,917,113	$11,107,654
Public Safety	2,674,213	3,337,186	3,435,021	3,931,893	5,674,457	5,177,825	5,075,588	5,400,290	6,217,749	10,466,292
Public Works	2,017,908	1,641,139	952,330	1,669,681	1,656,353	3,741,601	2,596,312	3,090,211	4,160,804	3,609,577
Community Development	2,488,628	562,647	393,878	170,872	504,726	135,215	361,706	234,836	405,404	1,385,689
Cultural and Recreational	1,230,022	277,523	257,258	594,205	1,294,976	1,151,374	1,118,777	516,499	584,475	475,091
Housing and Redevelopment	3,145,276	320,165	1,037,112	7,000	222,459					
Operating Grants and Contributions	10,737,556	11,310,497	9,642,093	8,402,636	12,286,127	17,934,341	11,259,829	9,703,416	8,434,018	9,231,039
Capital Grants and Contributions	4,584,637	8,659,910	4,066,710	6,997,666	9,685,942	20,016,974	17,238,057	11,360,153	34,530,908	21,097,186
Total Government Activities Program Revenues	36,457,802	38,609,098	32,845,691	29,587,677	37,937,933	56,312,826	46,146,801	41,902,017	71,250,471	57,372,528
Business-Type Activities:										
Charges for Services:										
Richmond Housing Authority	1,663,345	1,630,745	1,776,252	3,096,831	2,100,519	1,916,352	2,354,197	2,619,669	2,638,834	1,917,602
Port of Richmond	6,130,166	5,392,626	5,900,126	5,095,840	3,882,153	6,329,914	7,745,580	9,043,026	10,201,751	9,480,367
Richmond Marina	579,581	448,630	484,212	476,588	417,679	220,858	259,777	466,921	456,956	488,201
Municipal Sewer	11,009,699	12,410,236	13,864,120	14,432,849	15,991,488	17,342,276	17,565,632	17,733,454	18,569,191	19,033,406
Storm Sewer	1,545,977	1,655,799	1,637,151	1,579,698	1,593,792	1,697,475	1,800,536	1,842,001	1,869,064	1,845,648
Cable TV	944,693	930,168	974,924	1,084,389	1,157,502	1,099,919	1,022,100	1,320,552	1,228,864	1,376,194
Convention Center	326,715	37,659								
Operating Grants and Contributions				18,683,329	21,549,967	23,332,167	22,742,102	22,323,336	21,953,401	22,112,391
Capital Grants and Contributions	33,223,130	23,789,008	24,675,667	50,027	2,429,709	2,685,479	3,775,002	10,087,538	1,673,398	2,189,724
Total Business-Type Activities Program Revenue	55,423,306	46,294,871	49,312,452	44,499,551	49,122,809	54,624,440	57,264,926	65,436,497	58,591,459	58,443,533
Total Primary Government Program Revenues	$91,881,108	$84,903,969	$82,158,143	$74,087,228	$87,060,742	$110,937,266	$103,411,727	$107,338,514	$129,841,930	$115,816,061
Net (Expense)/Revenue										
Governmental Activities	($134,598,256)	($128,373,239)	($171,759,273)	($186,986,820)	($190,513,948)	($164,399,432)	($189,386,182)	($171,785,765)	($150,788,395)	($152,838,087)
Business-Type Activities	12,988,552	3,744,638	(466,382)	(3,466,463)	(4,561,200)	2,176,356	(1,712,351)	6,069,580	(1,363,722)	39,283
Total Primary Government Net Expense	($121,609,704)	($124,628,601)	($172,225,655)	($190,453,283)	($195,075,148)	($162,223,076)	($191,098,533)	($165,716,185)	($152,152,117)	($152,798,804)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes:										
Current Collections	$58,637,096	$73,496,915	$77,012,808	$78,279,818	$62,620,002	$61,155,694	$52,219,777	$47,207,734	$42,226,820	$45,129,392
Released from Pension Reserve Fund	17,315,525									
Sales Tax	25,402,253	28,217,895	29,005,711	27,922,698	25,000,182	23,025,923	27,788,339	29,865,548	29,627,711	33,155,376
Utility user taxes	30,199,388	27,007,410	29,553,243	48,953,004	50,298,719	45,007,806	45,984,315	48,398,349	48,033,706	48,299,958
Document transfer taxes							2,765,842	2,957,834	3,461,473	4,818,936
Other Taxes	14,690,034	12,042,215	8,802,995	7,959,683	6,092,050	3,361,146	3,784,986	3,289,518	3,592,218	5,099,511
Use of Money and Property	5,490,761	7,895,609	9,990,813	6,851,266	(7,618,093)	8,877,982	(22,064,295)	11,331,823	(1,164,987)	(4,752,198)
Unrestricted Intergovernmental	954,905	438,625	4,330,572	2,197,148	957,140	2,427,575	4,752,245	44,814		1,806,532
Miscellaneous	3,144,463	3,253,446	3,101,841	9,220,595	5,465,467	6,723,228	7,917,715	3,461,402	3,229,898	2,151,042
Gain on Sales of Capital Assets	2,361,410	3,113,487	4,008,197	5,000,000					174,874	268,927
Pension stabilization revenue	4,175,381	4,240,135	4,256,500	5,292,746	2,728,314	2,728,314	2,544,175	2,549,922	998,839	954,202
Developer revenue sharing	3,254,620	591,051	201,270	51,767	138,454	101,739	55,958			
Settlement reimbursement	4,226,289									
Transfers	375,740	(2,346,906)	(1,706,880)	(692,391)	500,000	(85,629)	1,030,428	(590,394)		178,487
Extraordinary items										
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency							84,426,106 (a	(5,328,244)		
Total Government Activities	170,227,865	157,949,882	168,556,670	191,036,334	146,182,235	153,323,778	211,205,591	143,188,306	130,180,552	137,110,165
Business-Type Activities:										
Taxes:										
Property Taxes	10,867	10,576	10,382							
Use of Money and Property	1,247,868	1,618,432	919,679	390,189	(2,768,103)	1,657,791	(5,331,300)	4,054,073	(185,246)	(563,129)
Settlement					1,922,260					
Other			313,863	7,701	188,143	609,031				
Gain (Loss) on Sales of Capital Assets		41,000								
Special Item			(14,425,750)							
Transfers	(375,740)	2,346,906	1,706,880	692,391	(500,000)	85,629	(1,030,428)	590,394		(178,487)
Extraordinary item								9,023,704	1,359,929	
Total Business-Type Activities	882,995	4,016,914	(11,474,946)	1,090,281	(1,157,700)	2,352,451	(6,361,728)	13,668,171	1,174,683	(741,616)
Total Primary Government	$171,110,860	$161,966,796	$157,081,724	$192,126,615	$145,024,535	$155,676,229	$204,843,863	$156,856,477	$131,355,235	$136,368,549
Change in Net Position										
Governmental Activities	$35,629,609	$29,576,643	($3,202,603)	$4,049,514	($44,331,713)	($11,075,654)	$21,819,409	($28,597,459)	($20,607,843)	($15,727,922)
Business-Type Activities	13,871,547	7,761,552	(11,941,328)	(2,376,182)	(5,718,900)	4,528,807	(8,074,079)	19,737,751	(189,039)	(702,333)
Total Primary Government	$49,501,156	$37,338,195	($15,143,931)	$1,673,332	($50,050,613)	($6,546,847)	$13,745,330	($8,859,708)	($20,796,882)	($16,430,255)

(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.

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



	Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010 (b)	2011 (b)	2012	2013 (c)	2014	2015	
General Fund											
Reserved	$9,638,843	$22,090,540	$27,048,978	$24,682,489							
Unreserved	38,590,926	32,341,360	19,387,650	20,855,189							
Nonspendable					$23,360,596	$28,021,103	$25,944,325	$26,366,829	$19,505,987	$18,708,682	
Assigned					1,009,480	380,999	377,181	219,646	56,786	23,934	
Unassigned					14,836,337	12,077,471	11,036,847	10,238,862	7,979,055	9,949,120	
Total General Fund	$48,229,769	$54,431,900	$46,436,628	$45,537,678	$39,206,413	$40,479,573	$37,358,353	$36,825,337	$27,541,828	$28,681,736	(a)
All Other Governmental Funds											
Reserved	$19,716,191	$30,517,337	$39,341,789	$34,982,192							
Unreserved, reported in:											
Special revenue funds	22,266,931	23,291,973	21,732,666	10,128,026							
Debt service funds	6,647,877	11,101,399	28,551,466	26,219,974							
Capital project funds	69,561,861	54,143,312	119,382,544	77,066,114							
Nonspendable					$19,160	$7,666,605	$174,067			$484	
Restricted					76,120,393	73,538,765	42,888,150	$42,117,459	$39,066,351	41,017,602	
Assigned					12,925,706	8,925,705	5,147,506	1,734,260	428,766	430,083	
Unassigned					(13,673,750)	(13,944,936)	(11,929,833)	(14,357,112)	(15,499,990)	(9,755,130)	
Total all other governmental funds	$118,192,860	$119,054,021	$209,008,465	$148,396,306	$75,391,509	$76,186,139	$36,279,890	$29,494,607	$23,995,127	$31,693,039	

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Property taxes	$76,431,421	$73,983,141	$77,764,608	$79,047,050	$63,858,143	$57,113,666	$51,964,005	$48,518,328	$43,559,305	$46,498,061
Sales taxes	25,402,253	28,217,895	29,005,711	27,922,698	25,000,182	23,025,923	27,788,339	29,865,548	29,627,711	33,131,486
Utility user fees	30,199,388	27,007,410	29,553,243	48,953,004	40,298,719	50,007,806	50,984,315	48,398,349	48,033,706	48,299,958
Other taxes	14,690,034	12,042,215	8,342,809	7,959,683	6,092,050	7,824,181	6,550,828	6,247,352	7,053,691	9,918,447
Licenses, permits and fees	14,272,803	8,379,660	8,164,006	6,415,896	7,598,407	7,495,563	9,393,833	11,830,426	7,713,634	12,409,625
Developer revenue sharing	3,254,620	591,051	201,270	51,767	138,454	101,739	55,958			
Fines, forfeitures and penalties	396,257	312,723	312,706	359,870	481,264	474,889	536,510	617,509	821,411	1,353,518
Use of money and property	5,149,718	6,879,814	10,360,029	5,278,605	1,849,884	1,031,746	932,393	557,936	153,958	225,529
Intergovernmental	16,303,188	24,439,246	18,092,672	15,753,684	21,627,513	38,605,526	36,121,561	19,995,922	17,078,035	19,228,997
Charges for services	4,421,803	4,488,092	6,026,165	5,585,383	8,517,238	9,425,484	9,204,016	9,350,051	20,022,968	13,607,840
Pension stabilization revenue	4,175,381	4,240,135	4,256,500	5,292,746	2,728,314	2,728,314	2,544,175	2,549,922	998,839	954,202
Settlement reimbursement	4,226,289									
Rent	414,716	605,207	336,617	312,096	766,017	960,661	793,144	681,141	708,626	809,113
Other	3,496,107	3,009,820	3,407,481	11,685,170	4,766,408	6,686,908	7,142,854	2,703,133	2,845,117	1,977,688
Total Revenues	202,833,978	194,196,409	195,823,817	214,617,652	183,722,593	205,482,406	204,011,931	181,315,617	178,617,001	188,414,464
Expenditures										
Current:										
General government	18,986,723	22,646,791	26,022,760	19,044,304	14,412,971	15,053,928	30,303,614	33,251,610	32,005,878	29,786,089
Public safety	64,006,470	72,869,340	86,716,916	93,507,626	95,989,053	94,269,101	87,286,248	87,573,539	91,676,955	90,219,981
Public works	20,371,718	12,207,805	18,121,576	20,513,373	20,997,847	23,144,011	25,555,928	26,065,996	26,363,885	25,806,437
Community development	6,306,343	5,449,106	5,196,860	4,334,599	7,692,545	7,655,697	5,643,542	4,709,478	4,357,885	4,586,333
Cultural and recreational	10,300,456	15,142,703	20,814,698	16,796,528	15,137,648	14,559,213	12,183,399	11,175,362	10,223,708	10,021,481
Housing and redevelopment	20,778,294	11,345,178	22,828,774	22,049,876	12,098,783	11,767,304	6,267,418	3,089,640	2,266,265	2,625,533
SERAF					10,118,826	2,083,288				
Capital outlay	17,479,290	34,281,457	62,742,853	80,466,151	25,142,692	27,189,722	28,721,772	15,704,486	14,365,888	8,178,649
Debt service:										
Principal repayment	6,515,045	9,079,459	6,300,998	9,684,582	171,714,191	14,879,506	14,312,544	8,691,629	6,775,769	7,842,830
Interest and fiscal charges	11,257,775	10,129,575	15,612,543	14,038,265	21,418,597	14,559,340	11,393,091	7,504,922	10,989,996	13,407,604
Total Expenditures	176,002,114	193,151,414	264,357,978	280,435,304	394,723,153	225,161,110	221,667,556	197,766,662	199,026,229	192,474,937
Excess (deficiency) of revenues over (under) expenditures	26,831,864	1,044,995	(68,534,161)	(65,817,652)	(211,000,560)	(19,678,704)	(17,655,625)	(16,451,045)	(20,409,228)	(4,060,473)
Other Financing Sources (Uses)										
Transfers in	53,092,947	33,071,479	184,513,795	79,414,731	49,963,245	62,507,821	38,456,022	21,145,031	20,145,264	12,879,975
Transfers out	(54,131,970)	(31,800,296)	(185,857,975)	(80,148,188)	(43,560,606)	(55,482,457)	(33,437,663)	(19,666,470)	(20,859,344)	(13,815,569)
Sale of property	3,167,685	4,747,114	4,287,517	5,040,000	23,300		188,489	53,618	174,874	268,927
Payment to refund bond escrow agent			(32,897,515)							
Issuance of long-term debt	124,111,809		172,962,622		121,076,391	14,721,130	3,214,243	2,621,558	6,165,445	11,175,436
Bond Premium							109,701	106,740		82,880
Payment to retirement plan	(113,877,017)									
Total other financing sources (uses)	12,363,454	6,018,297	143,008,444	4,306,543	127,502,330	21,746,494	8,530,792	4,260,477	5,626,239	10,591,649
Special and Extraordinary Items										
Assets transferred to/liabilities assumed by Housing Successor/Successor Agency							(33,902,636) (b)			
Interfund advance restructuring								745,119		
Total Special and Extraordinary Items							(33,902,636)	745,119		
Net Change in fund balances	$39,195,318	$7,063,292	$74,474,283	($61,511,109)	($83,498,230)	$2,067,790	($43,027,469)	($11,445,449)	($14,782,989)	$6,531,176
Debt service as a percentage of noncapital expenditures	11.2%	11.9%	10.7%	11.1%	51.9%	14.5%	12.3%	8.7%	9.4%	11.4%

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.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
ASSESSED VALUE [1]										
Land	$3,418,224	$4,039,890	$4,514,200	$4,498,812	$3,541,992	$3,427,021	$3,329,164	$3,216,147	$3,218,339	$3,781,609
Improvements	7,266,076	7,862,708	8,395,671	8,995,536	8,071,718	6,721,515	7,413,276	9,268,934	7,181,567	8,187,280
Total Real Property	10,684,300	11,902,598	12,909,871	13,494,348	11,613,710	10,148,536	10,742,440	12,485,081	10,399,906	11,968,889
Personal Property	538,693	572,948	333,505	632,670	683,995	671,258	681,204	795,573	53,195	460,661
TOTAL	$11,222,993	$12,475,546	$13,243,376	$14,127,018	$12,297,705	$10,819,794	$11,423,644	$13,280,654	$10,453,101	$12,429,550
EXEMPTIONS[2]										
Homeowners[a]	$117,722	$111,746	$113,417	$113,296	$111,793	$110,280	$107,571	$104,144	$100,680	$98,456
Other[b]	317,429	332,611	338,751	364,531	432,140	473,917	495,344	519,976	527,179	587,350
TOTAL	$435,151	$444,357	$452,168	$477,827	$543,933	$584,197	$602,915	$624,120	$627,859	$685,806
ASSESSED VALUE										
(Net of Exemptions)	$10,787,842	$12,031,189	$12,791,208	$13,649,191	$11,753,772	$10,235,597	$10,820,729	$12,656,534	$9,825,242	$11,743,744
Less: Redevelopment Tax Increments[3]	1,346,439	1,982,930	2,333,771	2,404,325	1,736,546	1,594,287	1,578,082	1,558,233	1,595,033	1,799,831
NET ASSESSED VALUE	$9,441,403	$10,048,259	$10,457,437	$11,244,866	$10,017,226	$8,641,310	$9,242,647	$11,098,301	$8,230,209	$9,943,913
NET INCREASE (DECREASE)	$9,441,403	$606,856	$409,178	$787,429	($1,227,640)	($1,375,916)	$601,337	$1,855,654	($2,868,092)	$1,713,704
% OF INCREASE (DECREASE)	10.28%	6.43%	4.07%	7.53%	-10.92%	-13.74%	7%	20%	-26%	21%
Total Direct Tax Rate[4]	0.38727%	0.53811%	0.42849%	0.43216%	0.40770%	0.41395%	0.40618%	0.38653%	0.41948%	0.41930%

[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).

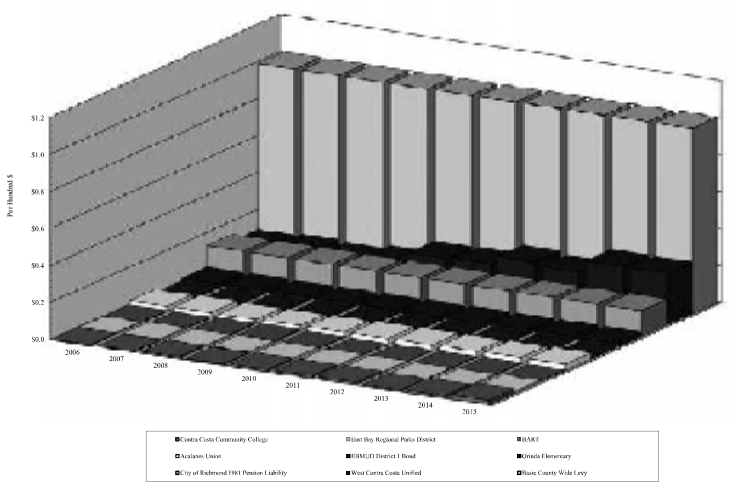
[3] Tax increments are allocations made to the Redevelopment Agency under authority of California Constitution, Article XVI.

[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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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)
2006	$1.00000	$0.14000	$0.00480	$0.00570	$0.02790	$0.00720	$0.02360	$0.10410	$0.00470	$1.31800
2007	1.00000	0.14000	0.00500	0.00850	0.02920	0.00680	0.02590	0.11430	0.00430	1.33400
2008	1.00000	0.14000	0.00760	0.00800	0.02590	0.00650	0.02370	0.10350	0.01080	1.32600
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

Fiscal Year	City's Share of 1% Levy Per Prop 13 (4)	General Obligation Debt Rate	Redevelopment Rate (5)	Total Direct Rate (6)
2006	$0.28784	$0.14000	$1.14570	$0.38727
2007	0.28784	0.14000	1.14850	0.53811
2008	0.28784	0.14000	1.14800	0.42849
2009	0.28784	0.14000	1.15000	0.43216
2010	0.28784	0.14000	1.15080	0.40770
2011	0.28784	0.14000	1.14840	0.41395
2012	0.28784	0.14000	1.14710	0.40618
2013	0.28784	0.14000	0.00000	0.38653
2014	0.28784	0.14000	0.00000	0.41948
2015	0.28784	0.14000	0.00000	0.41930

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.

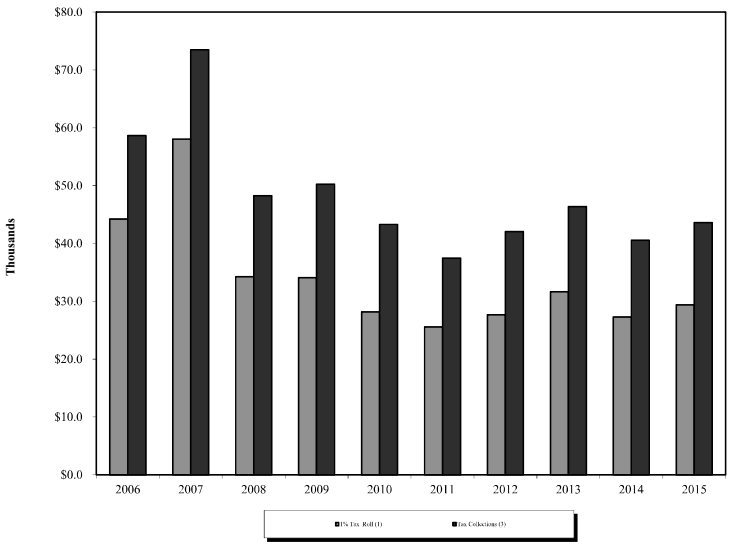
Source: County of Contra Costa, Office of the Auditor-Controller

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

		2014-2015			2005-06		
Taxpayer	Type of Business	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Chevron USA	Industry	$3,189,277,020	1	27.16%	$3,002,318,961	1	27.83%
Guardian KW Hilltop LLC	Residential	147,086,308	2	1.25%			0.00%
Lennar Emerald Marina Bay LLC	Residential	112,189,000	3	0.96%			0.00%
Kaiser Foundation Health Plan	Industrial	76,106,530	4	0.65%			
Richmond Essex LP	Residential	72,919,461	5	0.62%	63,912,270	4	0.59%
Dicon Fiberoptics	Industrial	43,106,544	6	0.37%	56,737,293	7	0.53%
BP West Coast Products	Commercial	40,147,375	7	0.34%			
US Bank National Association Trust	Commercial	39,831,347	8	0.34%			0.00%
Ford Point LLC	Industrial	39,001,016	9	0.33%			
BRE Piper MF Tides CA LLC	Residential	37,911,339	10	0.32%			
Berlex Laboratories Inc	Industrial				130,245,822	2	1.21%
Susie Gee	Residential				98,514,500	3	0.91%
Richmond Associates LLC	Industrial				61,481,894	5	0.57%
Richmond Parkway Associates	Commercial				58,566,354	6	0.54%
DDR Hilltop Plaza LLC	Commercial				48,203,636	8	0.45%
Cherokee Simeon Venture I LLC	Residential				44,135,827	9	0.41%
Kristra Investment Limited	Unsecured				40,760,990	10	0.38%
Subtotal		$3,797,575,940		32.34%	$3,604,877,547		33.42%
Total Net Assessed Valuation:							
Fiscal Year 2014-2015		$11,743,744,000					
Fiscal Year 2005-2006		$10,787,842,000					

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
2006	$44,209	$14,426	$58,635	100%
2007	58,024	15,473	73,497	100%
2008	34,269	13,983	48,252	100%
2009	34,096	16,172	50,268	100%
2010	28,147	15,155	43,302	100%
2011	25,573	11,900	37,473	100%
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%

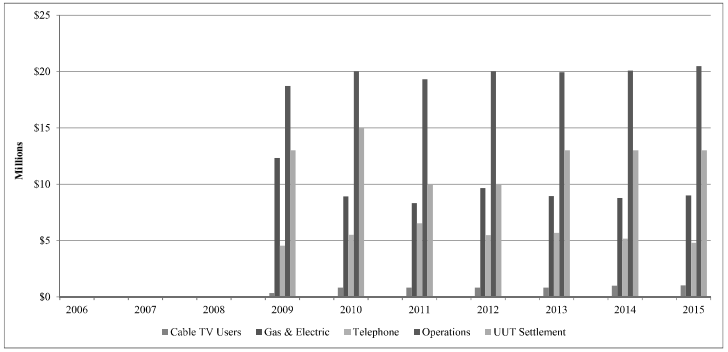
Source: City of Richmond Records

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cable TV Users				$334,347	$835,226	$824,723	$810,755	$809,972	$983,465	$1,016,552
Gas & Electric				12,326,977	8,919,561	8,336,362	9,660,557	8,943,183	8,787,715	9,003,928
Telephone				4,558,009	5,510,933	6,539,983	5,473,445	5,688,505	5,183,418	4,807,499
Operations				18,733,671	20,032,999	19,306,738	20,039,558	19,956,689	20,079,108	20,471,979
UUT Settlement				13,000,000	15,000,000	10,000,000	10,000,000	13,000,000	13,000,000	13,000,000
Combined (A)	$30,199,388	$27,007,410	$29,553,243							
	$30,199,388	$27,007,410	$29,553,243	$48,953,004	$50,298,719	$45,007,806	$45,984,315	$48,398,349	$48,033,706	$48,299,958

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)

	2015
Cable TV Users	5%
Gas & Electric	10%
Telephone	9.50%
Operations	(B)
UUT Settlement	(C)

NOTES:

(A) Historical information is not available, therefore only 2015 is presented

(B) Based on the Cap Provision in the City of Richmond Municipal Code Section 13.52.100 - Maximum Tax Payable

(C) Annual amount is per agreement signed by a Major Taxpayer and the City in 2010.

SOURCE: City of Richmond, Finance Department (Revenue)

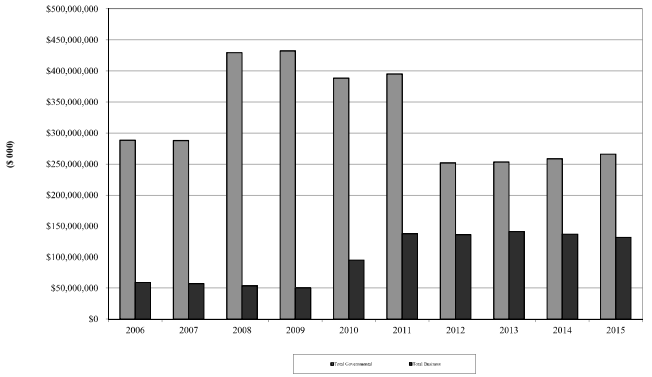
CITY OF RICHMOND
TOP TEN UTILITY USERS TAXPAYERS
(ALPHABETICAL ORDER)
Current Year (A)

Taxpayer	Type of Business (B)
Chevron	Industrial
COMCAST	Cable
GTE Mobilnet of California	Telecommunications
Marin Clean Energy	Utility
Metro PCS	Telecommunications
New Cingular Wireless	Telecommunications
Pacific Bell Telephone Co	Telecommunications
PG & E	Utility
Sprint Spectrum	Telecommunications
T-Mobile	Telecommunications

NOTES:
(A) Information for 2006 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



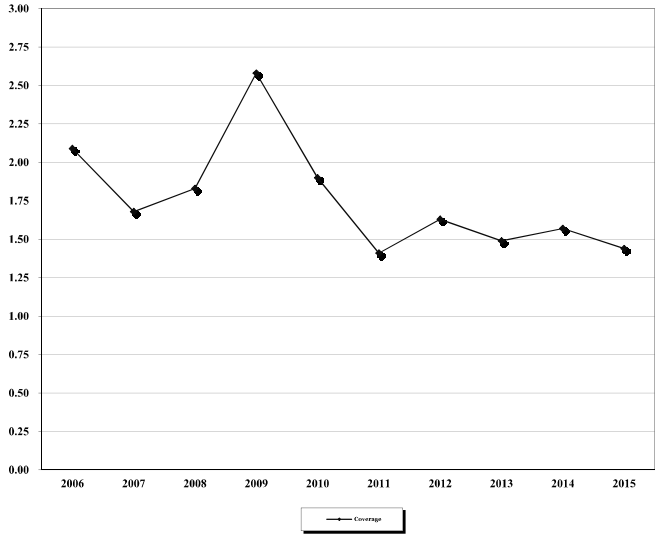
	Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Pension Obligation Bonds	Revenue Bonds	Loans and Notes Payable	Capital Leases	Total
2006	$96,801,090	$140,799,775	$35,205,000	$12,200,843	$3,195,340	$288,202,048
2007	95,079,118	143,575,313	33,630,000	10,518,963	5,111,871	287,915,265
2008	168,838,368	146,453,616	99,619,143	10,578,390	3,964,298	429,453,815
2009	165,200,399	150,493,392	97,750,000	10,544,185	8,300,966	432,288,942
2010	130,953,999	152,059,727	88,271,545	10,460,463	6,536,310	388,282,044
2011	125,899,530	153,589,314	87,906,545	20,723,084	7,022,284	395,140,757
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

	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)
2006	$38,516,264	$9,251,513	$11,195,682	$58,963,459	$347,165,507	15.09%	$3,393
2007	41,857,327	7,782,675	7,419,009	57,059,011	344,974,276	14.20%	3,376
2008	42,152,480	5,933,813	5,427,429	53,513,722	482,967,537	18.98%	4,675
2009	41,934,902	3,203,312	4,971,846	50,110,060	482,399,002	18.70%	4,643
2010	41,416,658	49,015,199	4,501,732	94,933,589	483,215,633	19.08%	4,620
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

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 AND 2010B WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS

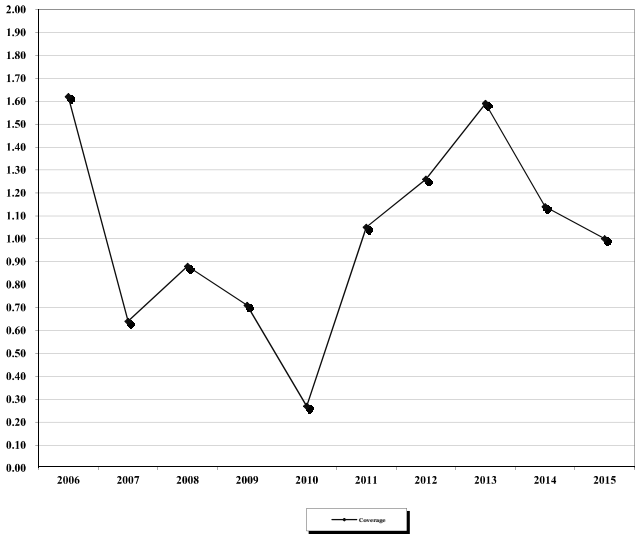


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$11,922,340	$5,918,001	$6,004,339	$1,415,000	$1,455,916	$2,870,916	2.09
2007	13,687,290	8,799,108	4,888,182	1,480,000	1,422,950	2,902,950	1.68
2008	14,421,345	9,991,039	4,430,306		2,414,409	2,414,409	1.83
2009	14,498,712	8,287,431	6,211,281		2,403,307	2,403,307	2.58
2010	16,075,782	10,362,653	5,713,129	865,000	2,146,974	3,011,974	1.90
2011	17,399,624	9,154,788	8,244,836	905,000	4,943,042	5,848,042	1.41
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

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

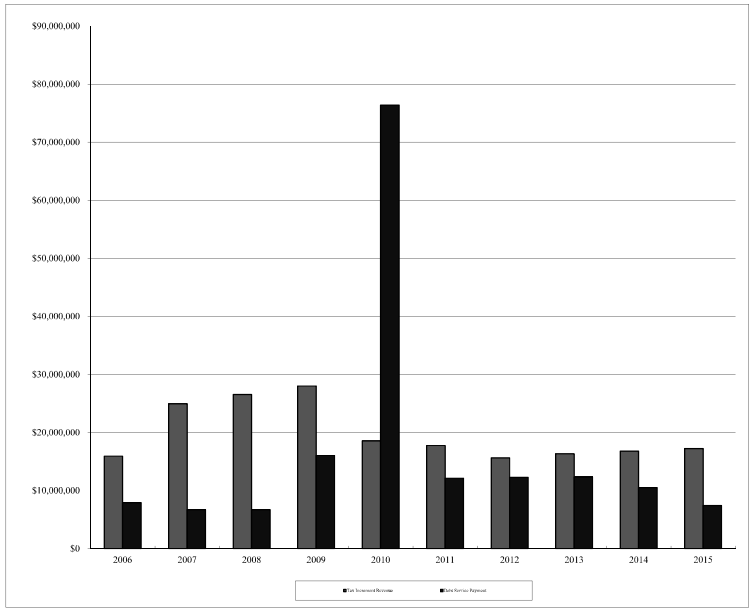


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	$6,237,708	$2,209,972	$4,027,736	$1,672,140	$808,267	$2,480,407	1.62
2007	5,621,400	2,106,307	3,515,093	4,823,787	643,463	5,467,250	0.64
2008	6,061,660	3,024,733	3,036,927	3,094,865	362,194	3,457,059	0.88
2009	5,292,289	3,129,349	2,162,940	2,745,000	292,367	3,037,367	0.71
2010	4,334,422	3,007,455	1,326,967	3,270,000	1,671,265	4,941,265	0.27
2011	6,357,466	2,035,968	4,321,498	405,000	3,728,541	4,133,541	1.05
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

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

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

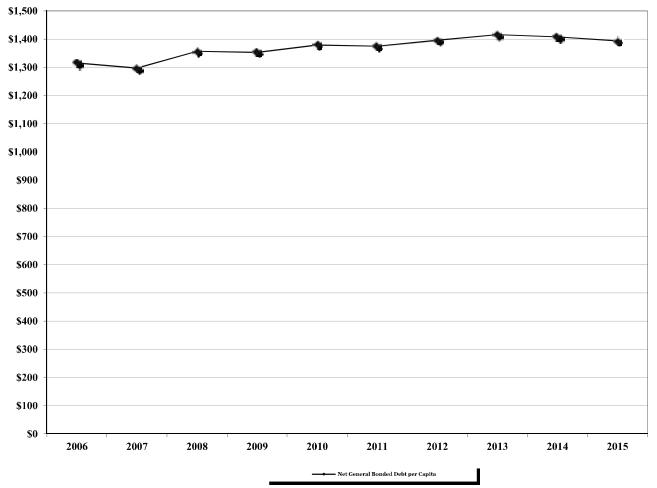


Fiscal Year	Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	$15,925,961	$3,075,000	$4,817,908	$7,892,908	2.02
2007	24,953,805	2,250,000	4,463,106	6,713,106	3.72
2008	26,535,184	2,345,000	4,359,236	6,704,236	3.96
2009	28,012,195	6,450,000	9,589,715	16,039,715	1.75
2010	18,559,284	69,170,000 (2)	7,220,349	76,390,349	0.24
2011	17,743,295	6,225,000	5,905,703	12,130,703	1.46
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

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

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
2006	$140,799,775	$6,288,686	$134,511,089	$9,441,403,000	1.42%	1,315
2007	143,575,313	11,013,589	132,561,724	10,048,259,000	1.32%	1,297
2008	146,453,616	6,291,336	140,162,280	10,457,437,000	1.34%	1,357
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

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
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2015

2014-2015 Assessed Valuation: $11,842,200,772

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt June 30, 2015	% Applicable (1)	City's Share of Debt June 30, 2015
Bay Area Rapid Transit District	$630,795,000	2.112%	$13,322,390
Contra Costa Community College District	455,860,000	7.409%	33,774,667
West Contra Costa Unified School District	996,920,965	48.116%	479,678,492
West Contra Costa Healthcare District Parcel Tax Obligations	59,010,000	44.660%	26,353,866
East Bay Municipal Utility District, Special District No. 1	10,910,000	0.665%	72,552
East Bay Regional Park District	176,790,000	3.242%	5,731,532
City of Richmond Community Facilities District No. 1998-1	3,010,000	100%	3,010,000
City of Richmond 1915 Act Bonds	14,010,000	100%	14,010,000
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			575,953,499
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Contra Costa County General Fund Obligations	$252,598,997	7.380%	$18,641,805
Contra Costa County Pension Obligations	236,920,000	7.380%	17,484,696
Alameda-Contra Costa Transit District Certificates of Participation	2,490,000	62.542%	1,557,308
Contra Costa Community College District Certificates of Participation	615,000	7.409%	45,565
West Contra Costa Unified School District Certificates of Participation	6,835,000	48.116%	3,288,729
City of Richmond General Fund Obligations	**129,490,000**	**100%**	**129,490,000**
City of Richmond Pension Obligations	**156,491,679**	**100%**	**156,491,679**
City of Richmond Loans Payable	**12,970,813**	**100%**	**12,970,813**
City of Richmond Leases Payable	**9,295,123**	**100%**	**9,295,123**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			349,265,718
Less: Contra Costa County general fund obligations supported by revenue funds			7,291,683
City of Richmond obligations supported by port revenues			**42,368,455**
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			$299,605,580
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	$90,717,732	100%	$90,717,732
TOTAL GROSS DIRECT DEBT			**$138,785,123**
TOTAL NET DIRECT DEBT			**$96,416,668**
TOTAL GROSS OVERLAPPING DEBT			$707,689,334
TOTAL NET OVERLAPPING DEBT			$700,397,651
GROSS COMBINED TOTAL DEBT			$1,015,936,949 (2)
NET COMBINED TOTAL DEBT			$966,276,811

(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 2014-15 Assessed Valuation:
Total Net Overlapping Tax and Assessment Debt 4.86%

Ratios to Adjusted Assessed Valuation:
Gross Combined Direct Debt ($226,364,373) 1.17%
Net Combined Direct Debt ($183,428,940) 0.81%
Combined Total Debt 8.58%
Net Combined Total Debt 8.16%

Ratios to Successor Agency Redevelopment Incremental Valuation ($1,799,831,051):
Total Overlapping Tax Increment Debt 5.04%

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, 2015

ASSESSED VALUATION:

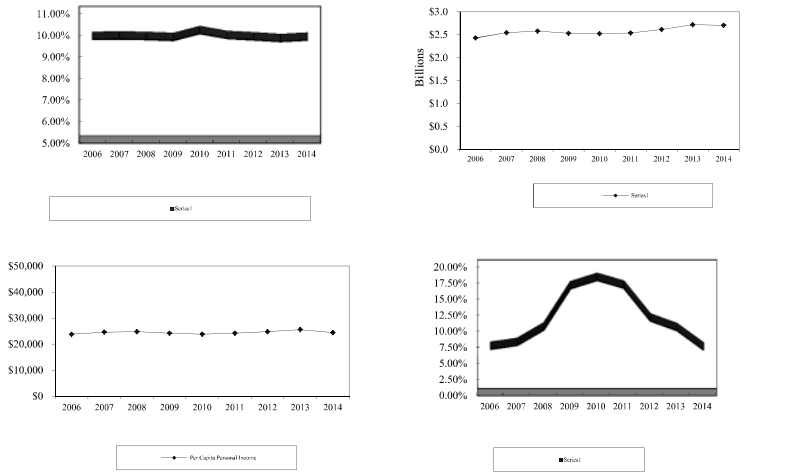
Secured property assessed value, net of exempt real property	$11,743,744,000	
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)		$440,390,400
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$0	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	0	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$440,390,400

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
2006	$404,544,075	$0	$404,544,075	0.00%
2007	451,169,588	0	451,169,588	0.00%
2008	479,670,300	0	479,670,300	0.00%
2009	511,844,663	0	511,844,663	0.00%
2010	440,766,450	0	440,766,450	0.00%
2011	383,834,888	0	383,834,888	0.00%
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%

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



Calendar Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate (%)	Contra Costa County Population	City Population % of County
2005	102,307	$2,301,226,000	$22,493	8.1%	1,029,377	9.94%
2006	102,182	2,429,855,000	23,780	7.2%	1,042,341	9.80%
2007	103,306	2,544,898,000	24,635	7.8%	1,051,674	9.82%
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%

Source: CAL Muni Statistics

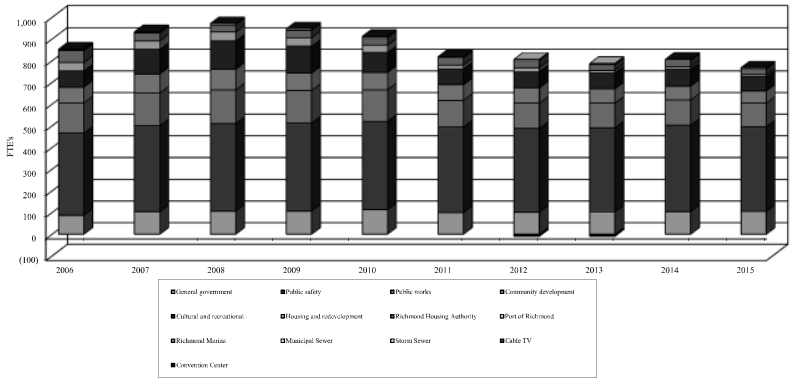
CITY OF RICHMOND
Principal Employers
Current Year

	2014-15		
Employer	**Number of Employees**	**Rank**	**Percentage of Total City Employment**
Chevron Refinery	3,456	1	3.6%
West Contra Costa Unified School District	1,689	2	1.8%
Social Security Administration	1,276	3	1.3%
U.S. Postal Service	1,050	4	1.1%
Contra Costa County	850	5	0.9%
City of Richmond	703	6	0.7%
The Permanente Medical Group	698	7	0.7%
Kaiser Foundation Hospitals	506	8	0.5%
Costco Wholesale #482	371	9	0.4%
Blue Apron, Inc.	325	10	0.3%
Subtotal	10,924		11.4%
Total City Day Population	95,716		

Source: City of Richmond Community Development Department

Notes: Data for fiscal year 2005/06 is not available

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



	Adopted for Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	87.2	104.0	105.5	107.2	113.2	100.2	101.7	102.9	104.4	105.2
Public safety	378.5	396.5	405.0	406.0	407.0	394.0	386.0	388.0	398.0	390.0
Public works	139.5	150.0	154.0	149.0	146.0	123.0	116.0	113.0	116.0	109.0
Community development	73.0	88.0	96.0	80.0	80.0	72.0	71.0	66.0	64.0	56.0
Cultural and recreational	74.4	113.2	130.4	124.4	91.2	72.2	73.8	73.2	76.8	66.0
Housing and redevelopment	39.0	39.0	41.0	40.0	34.0	19.0	19.6	13.0	12.0	10.0
Richmond Housing Authority and RHA Properties	56.0	36.5	33.0	33.0	33.0	32.0	32.0	25.0	29.0	25.0
Port of Richmond	5.0	6.0	6.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
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)	(1)	(1)	(1)	(3)	(3)	(3)	(3)	(3)	(3)
Convention Center	(1)	(2)	(2)	(2)	(3)	(3)	(3)	(3)	(3)	(3)
Total	852.6	933.2	970.9	946.6	911.4	818.4	806.1	787.1	806.2	767.2

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.

CITY OF RICHMOND
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program										
Public safety:										
Fire:										
Fire calls for service	10,068	11,006	10,677	9,861	11,723	12,237	12,770	12,868	12,988	13,670
Primary fire inspections conducted	5,502	9,795	5,581	6,201	5,752	5,055	1,071	2,716	3,000	1,569
Number of firefighters	93	99	99	98	109	83	85	93	85	94
Number of firefighters and civilians per thousand population	0.9	1.0	1.0	1.1	1.0	1.2	0.8	0.8	0.8	0.8
Police:										
Number of police officers per thousand population	1.7	1.7	1.7	1.7	1.9	1.7	1.8	1.8	1.7	1.8
Number of sworn officers	179	179	187	176	200	188	191	195	186	196
Water										
Daily average consumption in gallons per family	250	250	250	250	250	250	250	250	250	250

Source: City of Richmond

CITY OF RICHMOND
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety:										
Fire stations	7	7	7	7	7	7	7	7	7	7
Police stations	6	6	6	6	6	4	4	4	4	4
Library (#) of Locations	1	1	3 *	3	3	3	3	3	3	3
(* two branch library sites were refurbished and opened in January 2008)										
Public works										
Miles of streets	280	280	280	280	280	280	280	280	280	280
Street lights	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	6,543	8,343
Urban Forest (trees) (a)	39,900	40,200	40,200	40,200	40,757	41,293	41,562	26,000	21,609	22,009
Culture and recreation:										
Community services:										
City parks	53	55	55	55	55	55	55	55	55	55
City parks acreage	280.0	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6	336.6
Open Space & Public Landscapes acreage	562.0	510.0	510.0	510.0	510.0	510.0	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	10	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	1	1	1	2	2	2	2	2
Tennis courts	17	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	230	230	230	230	230	230	230	230	230	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
Note: Data prior to 2006 is not available

(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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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected features of the Site Lease, dated as of February 1, 2016 (the "Site Lease"), the Facility Lease, dated as of February 1, 2016 (the "Facility Lease") and the Trust Agreement, dated as of February 1, 2016 (the "Trust Agreement"), are made subject to all of the provisions of such documents and to the discussions of such documents contained elsewhere in this Official Statement. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series 2016 Bonds are referred to the complete texts of said documents, copies of which are available upon request from the office of the City Manager, City of Richmond.

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in the Facility Lease, Site Lease or Trust Agreement, to which reference is hereby made. The following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein:

"Accreted Value" means, with respect to Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount thereof plus the interest accrued thereon to such date of calculation, compounded from the date of initial delivery at the interest rate thereof on each November 1 and May 1, as determined in accordance with the Supplemental Trust Agreement authorizing such Bonds.

"Act" means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

"Additional Bonds" means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement.

"Additional Payments" means all amounts payable to the Authority or the Trustee or any other person from the City as Additional Payments pursuant to the Facility Lease.

"Authority" means the Richmond Joint Powers Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement.

"Authorized Denominations" means, with respect to the Series 2016 Bonds, denominations of $5,000 or any integral multiple thereof.

"Base Rental" and "Base Rental Payments" means all amounts payable to the Authority from the City as Base Rental Payments pursuant to the Facility Lease.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the City pursuant to the Facility Lease and attached thereto.

"Bonds" means the Series 2016 Bonds and all bonds issued to refund the Series 2016 Bonds and, subject to agreement of the City, Additional Bonds of the Authority issued under the Trust Agreement.

"Bond Counsel" means counsel of recognized national standing in the field of law relating to municipal bonds, appointed by the Authority.

"Bond Proceeds Fund" means the fund by that name established pursuant to the Trust Agreement.

"Bondholder or "Owner" means any person who shall be the registered owner of any Outstanding Bond.

"Business Day" means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California is authorized to remain closed, or a day on which the Federal Reserve system is closed.

"Capital Appreciation Bonds" means Bonds the interest on which is compounded semiannually on each Interest Payment Date and paid at maturity as specified in the accreted value table for such Bonds in an exhibit to a Supplemental Trust Agreement.

"Certificate of the City" means an instrument in writing signed by any of the following City officials: Mayor, Director of Finance, City Manager, or by any such officials' duly appointed designee, or by any other officer of the City duly authorized by the City Council of the City for that purpose.

"City" means the City of Richmond, a charter city and municipal corporation duly organized and validly existing under the Constitution and general laws of the State.

"Civic Center Swap Agreements" means collectively, the 2009 Civic Center Swap Agreement and the 2014 Swaption Transaction.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement executed by the City and the Dissemination Agent dated the date of issuance and delivery of the Series 2016 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City or the Authority and related to the authorization, execution and delivery of the Facility Lease, the Site Lease, the Trust Agreement and the issuance and sale of the Bonds, including, but not limited to, costs of preparation and reproduction of documents, costs of rating agencies and costs to provide information required by rating agencies, filing and recording fees, fees and charges of the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Bonds, title search and title insurance fees, fees of the Authority and any other authorized cost, charge or fee in connection with the issuance of the Bonds.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"County" means the County of Contra Costa, California.

"Current Interest Bonds" means Bonds the interest on which is payable on each Interest Payment Date to the maturity date for each such Bond.

"Debt Service" means, for any Fiscal Year or other period, the sum of (1) the interest accruing during such Fiscal Year or other period on all Outstanding Bonds, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any Bonds so long as such funded interest is in an amount equal to the gross amount necessary to pay such interest on the Bonds and is invested in Government Securities which mature no later than the related Interest Payment Date), (2) the principal amount of all Outstanding Serial Bonds maturing during such Fiscal Year or other period, and (3) the principal amount of all Outstanding Term Bonds required to be redeemed or paid (together with the redemption premiums, if any, thereon) during such Fiscal Year or other period; provided, that the foregoing will be subject to adjustment and recalculation as follows.

(a) with respect to Capital Appreciation Bonds, the Accreted Value payment will be deemed a principal payment and interest that is compounded and paid as Accreted Value will be deemed due on the scheduled redemption or payment date of such Capital Appreciation Bond; and

(b) with respect to Variable Rate Bonds, the interest payments will be calculated at a rate equal to 150% of the highest rate borne by such Bonds in the last 12 months, but not to exceed twelve percent (12%) per annum.

"Denominational Amount" means, with respect to Capital Appreciation Bonds, the initial offering price thereof, which represents the principal amount thereof, and, with respect to the Current Interest Bonds, the principal amount thereof.

"Dissemination Agent" means the Willdan Financial Services or any successor appointed under the Continuing Disclosure Agreement.

"Event of Default," with respect to the Facility Lease, will have the meaning ascribed thereto in this Appendix under "FACILITY LEASE – Default; Remedies," and, with respect to the Trust Agreement, will have the meaning ascribed thereto in this Appendix under "THE TRUST AGREEMENT – Default and Remedies."

"Facilities" means the real property and the improvements thereon, as set forth in the Facility Lease, or any City buildings, other improvements and facilities added thereto or substituted therefor, or any portion thereof, in accordance with the Facility Lease and the Trust Agreement; subject, however, to any conditions, reservations and easements of record or known to the City.

"Facility Lease" means that certain lease, entitled "Facility Lease," by and between the Authority and the City, dated as of February 1, 2016, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

"Fiscal Year" means the twelve (12)-month period terminating on June 30 of each year, or any other annual accounting period selected and designated by the Authority as its Fiscal Year in accordance with applicable law.

"Fitch" means Fitch Ratings, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other Rating Agency.

"Fixed Rate Bonds" means Bonds of any Series which bear interest at a fixed interest rate from the date of such Bonds until the maturity or redemption date thereof.

"Government Securities" means (1) cash; (2) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGS"); (3) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself, such as CATS, TIGRS and similar securities; (4) Resolution Funding Corp. (REFCORP) strips (interest component only) which have been stripped by request to the Federal Reserve Bank of New York in book entry form; (5) pre-refunded municipal bonds rated by S&P at the level that U.S. obligations are rated, or if not rated by S&P, then pre-refunded bonds that have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or other pre-refunded municipal obligations; and (6) obligations issued by the following agencies which are backed by the full faith and credit of the U.S.: (a) U.S. Export-Import Bank direct obligations or fully guaranteed certificates of beneficial ownership, (b) Farmers Home Administration (FmHA) certificates of beneficial ownership, (c) Federal Financing Bank, (d) General Services Administration participation certificates, (e) U.S. Maritime Administration Guaranteed Title XI financing, (f) U.S. Department of Housing and Urban Development (HUD) Project Notes, Local Authority Bonds, New Communities Debentures – U.S. government guaranteed debentures, and U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or another state of the United States of America or a comparable successor, appointed and paid by the Authority, and who, or each of whom –

(1) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City;

(2) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and

(3) is not connected with the Authority or the City as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

"Interest Payment Date" means, with respect to the Series 2016 Bonds, November 1 and May 1 in each year, commencing May 1, 2016.

"Interest Payment Period" means the period from and including each Interest Payment Date (or, for the first Interest Payment Period, the date of the Bonds) to and including the day immediately preceding the next succeeding Interest Payment Date.

"Opinion of Counsel" means a written opinion of Bond Counsel.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except:

(1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Bonds paid or deemed to have been paid within the meaning of the Trust Agreement;

(3) Bonds deemed tendered but not yet presented for purchase; and

(4) Bonds in lieu of or in substitution for which other Bonds shall have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

"Permitted Encumbrances" means (1) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may, pursuant to the Facility Lease, permit to remain unpaid; (2) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the date of recordation of the Facility Lease in the office of the County Recorder of the County of Contra Costa and which the City certifies in writing will not materially impair the use of the Facilities; (3) the Site Lease, as it may be amended from time to time and the Facility Lease, as it may be amended from time to time; (4) the Trust Agreement, as it may be amended from time to time; (5) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (6) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions to which the Authority and the City consent in writing and certify to the Trustee will not materially impair the ownership interests of the Authority or use of the Facilities by the City; (7) subleases and assignments of the City which will not adversely affect the exclusion from gross income of interest on the Bonds; (8) any right or claim relating to that certain Equipment Lease/Purchase Agreement (Direct Subsidy), dated as of December 22, 2010, by and between Banc of America Leasing & Capital, LLC, a Delaware limited liability company and the City; and (9) the easement created by that certain easement agreement entitled "Agreement Protecting the Public Interest in Certain Improvements" recorded as of December 26, 2000, by and between The State of California, acting through The State Coastal Conservancy, the City, and the Urban Creeks Council.

"Permitted Investments" means any of the following:

(1) Government Securities;

(2) any obligations which are then legal investments for moneys of the City under the laws of the State of California and comply with the City's investment policy; provided that such investments shall be rated in the highest short-term or one of the three highest long-term rating categories by S&P;

(3) money markets or mutual funds which are rated by S&P "AAAm-G" or "AAAm" or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services;

(4) the County of Contra Costa Investment Pool; and

(5) the Local Agency Investment Fund of the State of California. The Trustee may conclusively rely on the written instructions of the Authority and the City that such investment is a Permitted Investment.

"Person" means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Payment Date" means any date on which principal of the Bonds is required to be paid (whether by reason of maturity, redemption or acceleration).

"Project" means any additional facilities or improvements financed with proceeds of Additional Bonds.

"Rating Agency" means any nationally recognized credit rating service selected and designated by the City and providing a rating on the Bonds at the request of the City, and shall initially mean and refer to S&P; provided that with respect to Reserve Facilities, Rating Agency may also include Fitch.

"Rating Category" means one of the general long-term (or short-term, if so specifically provided) rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier (unless a short-term rating) or otherwise.

"RBC" means the Royal Bank of Canada.

"Record Date" means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

"Redemption Date" means the date fixed for redemption of any Bonds.

"Redemption Price" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Trust Agreement.

"Related Obligations" means the obligations of the Authority under any Reserve Facility, credit agreement, liquidity agreement or similar agreement entered into in connection with or related to the Bonds or a series thereof.

"Rental Payment Period" means the twelve month period commencing November 2 of each year and ending the following November 1, and the initial period commencing on the effective date of the Facility Lease and ending on November 1, 2016.

"Reserve Facility" means a surety bond, an insurance policy, or a letter of credit deposited with the Trustee by the Authority pursuant to the Trust Agreement in order to satisfy the Reserve Requirement for a Series of Bonds.

"Reserve Fund" means the fund by that name established pursuant to the Trust Agreement.

"Reserve Requirement" means with respect to any Series of Bonds the amount, if any, specified in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

"Revenue Fund" means the fund by that name created pursuant to the Trust Agreement.

"Revenues" means (i) all Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facility Lease (but not Additional Payments), and (ii) all interest or other income from any investment, pursuant to the Trust Agreement, of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facility Lease.

"Serial Bonds" means Bonds for which no sinking fund payments are provided.

"Series" whenever used in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Trust Agreement.

"Series 2016 Bonds" means the Bonds designated "Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016" issued by the Authority under and pursuant to the Trust Agreement.

"S&P" means Standard & Poor's Ratings Service, a Standard & Poor's Financial Services LLC business, which is a subsidiary of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "S&P" shall be deemed to refer to any other Rating Agency.

"Site Lease" means that certain lease, entitled "Site Lease," by and between the City and the Authority, dated as of February 1, 2016, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions thereof and of the Trust Agreement.

"State" means the State of California.

"Supplemental Trust Agreement" means any trust agreement then in full force and effect which has been duly executed and delivered by the Authority and the Trustee amendatory of or supplemental to the Trust Agreement; but only if and to the extent that such Supplemental Trust Agreement is executed and delivered pursuant to the provisions of the Trust Agreement.

"Tax Certificate" means the Tax Certificate delivered by the Authority and the City at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms.

"Term Bonds" means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

"Termination Payment" means certain payments to RBC in connection with the termination of the Civic Center Swap Agreements associated with the 2009 Civic Center Bonds.

"Trust Agreement" means the Trust Agreement, dated as of February 1, 2016, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions thereof.

"Trustee" means MUFG Union Bank, N.A., or any other association or corporation which may at any time be substituted in its place as provided in the Trust Agreement.

"Variable Rate Bonds" means Bonds of any Series which bear interest at a variable interest rate.

"Written Request of the Authority" means an instrument in writing signed by or on behalf of the Authority by its President, Secretary, Assistant Secretary, or Treasurer of the Authority, or a designee of any such

officer or by any other person (whether or not an officer of the Authority) who is specifically authorized by resolution of the Board of Directors of the Authority to sign or execute such a document on its behalf.

"Written Request of the City" means an instrument in writing signed by the Mayor of the City, the City Manager and the Director of Finance of the City, or by any other officer of the City duly authorized by the Board of Supervisors of the City in writing to the Trustee for that purpose.

"2007 Civic Center Bonds" means the $101,420,000 Lease Revenue Bonds (Refunding and Civic Center Project), Series 2007.

"2009 Civic Center Bonds" means the $89,795,000 aggregate principal amount of Richmond Joint Powers Financing Authority Lease Revenue Refunding Bonds (Civic Center Project) Series 2009.

"2007 Civic Center Swap Agreement" means the ISDA Master Agreement and related Schedule, Credit Support Annex and Confirmation between the Authority and RBC associated with the 2007 Civic Center Bonds.

"2009 Civic Center Swap Agreement" means the ISDA Master Agreement, the Credit Support Annex and the Amended and Restated Schedule and Confirmation, between the Authority and RBC amending the 2007 Civic Center Swap Agreement in connection with the issuance of the 2009 Civic Center Bonds.

"2014 Swaption Transaction" means a cash-settled option to enter into an interest rate swap sold by the Authority at the request of the City to RBC as evidenced by a confirmation entered into pursuant to the 2009 Civic Center Swap Agreement.

SITE LEASE

The City and the Authority will enter into the Site Lease to provide for the lease of the Facilities from the City to the Authority. The term of the Site Lease will commence on the date of recordation of the Site Lease in the office of the County Recorder of the County of Contra Costa, State of California, or on the date of delivery of the Series 2016 Bonds, whichever is earlier, and will end on the date identified in Exhibit B of the Site Lease unless such term is extended or sooner terminated as provided in the Site Lease. If on such date the Base Rental Payments and all other amounts then due under the Facility Lease are not fully paid, or if the rental or other amounts payable under the Facility Lease with respect to the Facilities have been abated at any time and for any reason, then the term of the Site Lease with respect to such Facilities will be extended until ten (10) days after the Base Rental Payments attributable to the Facilities and all other amounts then due under the Facility Lease have been fully paid, except that the term of the Site Lease will in no event be extended beyond ten (10) years after the date identified in the Site Lease. If prior to such date the Base Rental Payments necessary to retire the Bonds related to such Base Rental Payments and all other amounts then due under the Facility Lease are fully paid, the term of the Site Lease will end ten (10) days thereafter or upon written notice by the City to the Authority, whichever is earlier.

The City covenants that it is the owner in fee of the Facilities. The City further covenants and agrees that if for any reason this covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City further covenants and agrees that it will hold the Authority and the Bondholders harmless from any loss, cost or damages resulting from any breach by the City of the covenants described in this paragraph.

FACILITY LEASE

The City and the Authority will enter into the Facility Lease to provide for the lease of the Facilities.

Commencement of Lease Term; Abatement

The term of the Facility Lease will commence on the date of recordation of the Facility Lease in the office of the County Recorder of Contra Costa County, State of California, or on the date of delivery of the Series 2016 Bonds, whichever is earlier, and will end on the date specified in the Facility Lease, unless such term is extended or sooner terminated as provided in the Facility Lease. If on such date, the Base Rental Payments and all other amounts due under the Facility Lease are not fully paid, or if the rental payable under the Facility Lease has been abated at any time and for any reason, then the term of the Facility Lease will be extended until all Bonds and Related Obligations corresponding to the Base Rental Payments attributable to the Facilities and all other amounts due under the Facility Lease with respect to the Facilities are fully paid, except that the term of the Facility Lease will in no event be extended beyond the maximum extension date identified in the Facility Lease. If prior to such date the Base Rental Payments or all the Bonds and Related Obligations payable therefrom and all other amounts due under the Facility Lease are fully paid, or provision therefor made, the term of the Facility Lease will end ten (10) days thereafter or upon written notice by the City to the Authority, whichever is earlier.

Rental Payments

Base Rental Payments. The City agrees to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of the Facility Lease) annual rental payments comprised of the principal components, and semi-annual interest components in accordance with the Base Rental Payment Schedule attached to the Facility Lease. The City is directed to pay all such Base Rental Payments directly to the Trustee for application as provided in the Trust Agreement. Base Rental Payments will be calculated on an annual basis, for each Rental Payment Period, and each annual Base Rental will be divided into two interest components, due on October 15 and April 15, and one principal component, due on October 15, except that the first Rental Payment Period commences on the date of recordation of the Facility Lease and ends on November 1, 2016. The interest components of the Base Rental Payments will be paid by the City as and constitute interest paid on the principal components of the Base Rental Payments to be paid by the City under the Facility Lease, computed on the basis of a 360-day year composed of twelve 30-day months. Each annual payment of Base Rental (to be payable in installments as aforesaid) will be for the use of the Facilities for the twelve month period commencing on the November 2 of the period in which such installments are payable.

If the term of the Facility Lease will have been extended pursuant to the Facility Lease, Base Rental Payment installments will continue to be due on October 15 and April 15 in each year, continuing to and including the date of termination of the Facility Lease. Upon such extension of the Facility Lease, the City will deliver to the Trustee a Certificate setting forth the extended rental payment schedule, which schedule will establish the principal and interest components of the Base Rental Payments at amounts not exceeding maximum annual Base Rental payable under the Facility Lease but sufficient to pay all unpaid principal and interest on the Bonds and Related Obligations plus interest.

If at any time the Base Rental will not have been paid by the City when due, for any reason whatsoever, and no other source of funds will have been available to make the payments of principal and interest on the Bonds, the principal and interest components of the Base Rental will be recalculated by the City to reflect interest on the unpaid Base Rental Payments as provided in the Facility Lease. Upon request by the Authority or the Trustee, a revised Exhibit B to the Facility Lease will be prepared by the City and supplied to the Authority and the Trustee reflecting such recalculation.

Additional Payments. The City will also pay such amounts (the "Additional Payments") as will be required by the Authority for the payment of all costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facility Lease, or any pledge of Base Rental payable under the Facility Lease, the Trust Agreement, its interest in the Facilities and the lease of the Facilities to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Related Obligations, the Facilities and any Project, including, without limiting the generality of the

foregoing, salaries and wages of employees, all expenses, compensation and indemnification of the Trustee payable by the Authority under the Trust Agreement, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in Additional Payments amounts required to pay the principal of or interest on the Bonds. Such Additional Payments will be billed to the City by the Authority or the Trustee from time to time pursuant to the Facility Lease.

Rental Abatement

The Base Rental Payments and Additional Payments will be abated proportionately during any period in which by reason of any damage or destruction (other than by condemnation which is provided for pursuant to the Facility Lease) there is substantial interference with the use and occupancy of the Facilities by the City, in the proportion in which the cost of that portion of the Facilities rendered unusable bears to the cost of the whole of the Facilities. Such abatement will continue for the period commencing with such damage or destruction or defect in title and ending with the substantial completion of the work of repair or reconstruction or resolution of the defect. In the event of any such damage, destruction or defect, the Facility Lease will continue in full force and effect and will be extended pursuant to the provisions of the Facility Lease, and the City waives the benefits of California Civil Code Section 1932(2) and 1933(4) and of Title 11 of the United States Code, Section 365(h) and any and all other rights to terminate the Facility Lease by virtue of any such damage, destruction or defect. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments in any of the funds and accounts established under the Trust Agreement (except the Reserve Fund, including the accounts established therein, if any, with respect to any additional Series of Bonds issued under the Trust Agreement), Base Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts. Base Rental Payments by the City will commence upon use and occupancy of the Facilities as provided in the Facility Lease.

Payments to be Unconditional

Notwithstanding any dispute between the Authority and the City, the City will make all rental payments when due without deduction or offset of any kind and will not withhold any rental payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said rental payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent rental payments due under the Facility Lease or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Facility Lease on any date will be reduced to the extent that amounts on deposit in the Revenue Fund, the Interest Account or the Principal Account are available therefor.

Appropriations Covenant

The City covenants to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facility Lease in its annual budgets, to make necessary annual appropriations for all such Base Rental Payments and Additional Payments as will be required to provide funds in such year for such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee within sixty (60) days of adoption of the City budget, copies of the portion of the budget as adopted which appropriates all moneys necessary for the payment of Base Rental Payments and Additional Payments under the Facility Lease. The covenants on the part of the City contained in the Facility Lease will be deemed to be and will be construed to be duties imposed by law and it will be the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Facility Lease agreed to be carried out and performed by the City.

The Authority and the City understand and intend that the obligation of the City to pay Base Rental Payments and Additional Payments will constitute a current expense of the City and will not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the City, nor will anything contained in the Facility Lease constitute a pledge of the general tax revenues, funds or moneys of the City. Base Rental Payments and Additional Payments due under the Facility Lease will be payable only from current funds which are budgeted and appropriated or otherwise legally available for the purpose of paying Base Rental Payments and Additional Payments or other

payments due under the Facility Lease as consideration for use of the Facilities. The Facility Lease will not create an immediate indebtedness for any aggregate payments which may become due thereunder. The City has not pledged the full faith and credit of the City, the State of California or any agency or department thereof to the payment of the Base Rental Payments and Additional Payments or any other payments due under the Facility Lease.

Changes to the Facilities

The City has the right, at its own expense, to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements will thereafter comprise part of the Facilities and be subject to the provisions of the Facility Lease. Such additions, modifications and improvements will not in any way damage the Facilities or cause them to be used for purposes other than those authorized under the provisions of state and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to the Facility Lease, will be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Installation of City's Equipment

The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items will remain the sole property of such party, in which neither the Authority nor the Trustee will have any interest, and may be modified or removed by such party at any time provided that such party will repair and restore any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in the Facility Lease will prevent the City from purchasing items to be installed under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest will attach to any part of the Facilities.

Maintenance, Utilities

During such time as the City is in possession of the Facilities, all maintenance and repair, both ordinary and extraordinary, of the Facilities will be the responsibility of the City, which will at all times maintain or otherwise arrange for the maintenance of the Facilities in good condition, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and will pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and will pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities. In exchange for the rental provided in the Facility Lease, the Authority agrees to provide only the Facilities. The City waives the benefits of subsections 1 and 2 of Section 1932 and Section 1933(4) of the California Civil Code, but such waiver does not limit any of the rights of the City under the terms of the Facility Lease.

In the event the City fails to keep the Facilities in good repair and working order or fails to maintain any insurance required under the Facility Lease, the Authority may, but will be under no obligation to, maintain and repair the Facilities or obtain and maintain any such insurance coverages, as the case may be, and pay the cost thereof. All amounts so advanced by the Authority will constitute Additional Payments under the Facility Lease, and the City covenants and agrees to pay such amounts so advanced by the Authority with interest thereon from the date advanced until paid as provided in the Facility Lease.

Taxes and Assessments

The City will pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City will be obligated to pay only such installments as are required to be paid during the term of the Facility Lease as and when the same become due.

The City will also pay directly such amounts, if any, in each year as will be required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, levied or imposed against the Authority or the Facilities, the rentals and other payments required under the Facility Lease or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee will notify the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Authority with full security and bond against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Insurance

Fire and Extended Coverage Insurance. The City is required to procure or cause to be procured and maintain or cause to be maintained, throughout the term of the Facility Lease, insurance against loss or damage to any structures constituting any part of the Facilities by fire and lightning, with extended coverage insurance, vandalism and malicious mischief insurance and sprinkler system leakage insurance, flood insurance, but only with respect to such portions of the Facilities that are situated in any zone designated by the U.S. Government as a flood zone, and earthquake insurance, if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City. Said extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the replacement cost (without deduction for depreciation) of all structures constituting any part of the Facilities, excluding the cost of excavations, of grading and filling, and of the land (except that such insurance may be subject to deductible clauses for any one loss of not to exceed $500,000 or comparable amount adjusted for inflation or more in the case of earthquake insurance), or, in the alternative, will be in an amount and in a form sufficient (together with moneys held under the Trust Agreement), in the event of total or partial loss, to enable the City to prepay the Base Rental Payments then unpaid, pursuant to the provisions of the Facility Lease regarding liability insurance and to redeem all Outstanding Bonds.

In the event of any damage to or destruction of any part of the Facilities, caused by the perils covered by such insurance, the Authority, except as provided in the Facility Lease, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and (pursuant to the provisions of the Trust Agreement regarding application of insurance funds) the Trustee will hold said proceeds separate and apart from all other funds, in a special fund to be designated the "Insurance and Condemnation Fund," to the end that such proceeds will be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as they were in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The Trustee will permit withdrawals of said proceeds from time to time upon receiving the Written Request of the Authority, stating that the Authority has expended moneys or incurred liabilities in an amount equal to the amount therein requested to be paid over to it for the purpose of repair, reconstruction or replacement, and specifying the items for which such moneys were expended, or such liabilities were incurred. Any balance of said proceeds not required for such repair, reconstruction or replacement will be treated by the Trustee as Base Rental Payments and applied in the manner provided by the provisions of the Trust Agreement regarding receipt and deposit of Revenues in the Revenue Fund. Alternatively, the Authority, at its option, with the written consent of the City, and if the proceeds of such insurance together with any other moneys then available for the purpose are at least sufficient to redeem an aggregate principal amount of Outstanding Bonds, equal to the amount of Base Rental attributable to the portion of the Facilities so destroyed or damaged (determined by reference to the proportion which the cost of such portion of the Facilities bears to the cost of the Facilities), may elect not to repair, reconstruct or replace the damaged or destroyed portion of

the Facilities and thereupon will cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the provisions of the Trust Agreement.

The Authority and the City will promptly apply for Federal disaster aid or State of California disaster aid in the event that the Facilities are damaged or destroyed as a result of an earthquake or any other cause for which Federal disaster aid or State of California disaster aid is available occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or, at the option of the City and the Authority, to enable the City to prepay all or any part of the Base Rental Payments then unpaid, pursuant to the Facility Lease, and to redeem Outstanding Bonds if such use of such disaster aid is permitted.

As an alternative to providing such insurance, or any portion thereof, the City may provide a self insurance or plan of protection if and to the extent such self insurance method or plan of protection will afford reasonable coverage for the risks required to be insured against, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the City. So long as such method or plan is being provided to satisfy the requirements of the Facility Lease, there will be filed annually with the Trustee a statement of an actuary, insurance consultant or other qualified person (which may not be an officer or employee of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facility Lease and, when effective, would afford reasonable coverage for the risks required to be insured against. There will also be filed a Certificate of the City setting forth the details of such substitute method or plan. In the event of loss covered by any such self insurance method, the liability of the City under the Facility Lease will be limited to the amounts in the self insurance reserve fund or funds created under such method.

Liability Insurance. The City is required to procure or cause to be procured and to maintain or cause to be maintained, throughout the term of the Facility Lease, a standard comprehensive general liability insurance policy or policies in protection of the Authority and its members, directors, officers, agents and employees and the Trustee, insuring said parties against all direct or contingent loss or liability for damages for personal injury, death or property damage occasioned by reason of the operation of the Facilities, with minimum liability limits of $1,000,000 per occurrence and $3,000,000. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks in aggregate. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance carried by the City.

As an alternative to providing such insurance, or any portion thereof, the City may provide self insurance or plan of protection or participate in a joint powers authority or other program providing pooled insurance to the extent such self insurance method or plan of protection will afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State of California other than the City. So long as such method or plan is being provided to satisfy the requirements of the Facility Lease, there will be filed annually with the Trustee a statement of an actuary, independent insurance consultant or other qualified person (which may be the Risk Manager of the City), stating that, in the opinion of the signer, the substitute method or plan of protection is in accordance with the requirements of the Facility Lease and, when effective, would afford reasonable protection to the Authority, its members, directors, officers, agents and employees and the Trustee against loss and damage from the hazards and risks covered thereby. There will also be filed a Certificate of the City setting forth the details of such substitute method or plan.

Rental Interruption or Use and Occupancy Insurance. The City is required procure or cause to be procured and maintain or cause to be maintained, rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Facilities as the result of any of the hazards covered by the insurance required by the Facility Lease (provided with respect to earthquake insurance, only if available on the open market from reputable insurance companies at a reasonable cost, as determined by the City, and provided further that such rental interruption insurance coverage may not be provided by a plan of self insurance), in an amount sufficient to pay the part of the total rent hereunder attributable to the portion of the Facilities rendered unusable (determined by reference to the proportion which the cost of such portion bears to the cost of the Facilities) for a period of at least two years, except that such insurance may be subject to a deductible clause of not to exceed two hundred fifty thousand dollars ($250,000) or a comparable amount adjusted for inflation (or more in the case of earthquake coverage). Any proceeds of such insurance will be used by the Trustee to reimburse to the City any

rental theretofore paid by the City under the Facility Lease attributable to such structure for a period of time during which the payment of rental under the Facility Lease is abated, and any proceeds of such insurance not so used will be applied as provided in the Facility Lease (to the extent required for the payment of Base Rental) and in the Facility Lease (to the extent required for the payment of Additional Payments) and any remainder will be treated as Revenue under the Trust Agreement.

Worker's Compensation. The City is required to maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the California Labor Code, as applicable to Cities, or any act enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

Title Insurance. The City will obtain, for the benefit of the Authority and the Trustee, upon the execution and delivery of the Facility Lease, title insurance on the Facilities, in an amount equal to the aggregate principal amount of the Series 2016 Bonds, issued by a company of recognized standing duly authorized to issue the same, subject only to Permitted Encumbrances.

Eminent Domain

If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City will be taken under the power of eminent domain, the term of the Facility Lease will cease as of the day that possession will be so taken. If less than the whole of the Facilities will be taken under the power of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then the Facility Lease will continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there will be a partial abatement of the rental due under the Facility Lease in an amount equivalent to the amount by which the annual payments of principal and interest on the Outstanding Bonds will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds will be Outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof will be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facility Lease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, will be paid to the to the City.

Default; Remedies

If (1) the City will fail to pay any rental payable under the Facility Lease when the same becomes due, time being expressly declared to be of the essence of the Facility Lease or (2) the City will fail to keep, observe or perform any other term, covenant or condition contained therein to be kept or performed by the City (other than as referred to in (1) for a period of sixty (60) days after notice of the same has been given to the City by the Authority or the Trustee or if the City notifies the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such sixty (60) day period, the failure will not constitute an Event of Default if the City commences to cure the failure within such sixty (60) day period and thereafter diligently and in good faith cures such failure in a reasonable period of time), or (3) the City's interest in the Facility Lease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority, as provided for in the Facility Lease, or (4) the City or any assignee will file any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City will be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City will make a general or any assignment for the benefit of the City's creditors, or (5) the City will abandon or vacate the Facilities (any such case above being an "Event of Default"), the City will be deemed to be in default under the Facility Lease and it will be lawful for the

Authority and the Trustee to exercise any and all remedies available pursuant to law or granted pursuant to the Facility Lease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, will have the option to do any of the following:

(1) To terminate the Facility Lease in the manner thereinafter described on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as thereinafter described, and to re-enter the Facilities and, to the extent permitted by law, remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the County of Contra Costa, California. In the event of such termination, the City agrees to surrender immediately possession of the Facilities, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Facility Lease. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Facility Lease will of itself operate to terminate the Facility Lease, and no termination of the Facility Lease on account of default by the City will be or become effective by operation of law or acts of the parties to the Facility Lease, or otherwise, unless and until the Authority will have given written notice to the City of the election on the part of the Authority to terminate the Facility Lease. The City covenants and agrees that no surrender of the Facilities or of the remainder of the term of the Facility Lease or any termination of the Facility Lease will be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating the Facility Lease, (i) to collect each installment of rent as it becomes due and enforce any other terms or provision of the Facility Lease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities, or (ii) to exercise any and all rights of entry and re-entry upon the Facilities. In the event the Authority does not elect to terminate the Facility Lease in the manner provided for in subparagraph (1) above, the City will remain liable and agrees to keep or perform all covenants and conditions contained in the Facility Lease to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the rent to the end of the term of the Facility Lease or, in the event that the Facilities are re-let, to pay any deficiency in rent that results therefrom; and further agrees to pay said rent and/or rent deficiency punctually at the same time and in the same manner as provided in the Facility Lease for the payment of rent under the Facility Lease (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental in excess of the rental specified in the Facility Lease, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as provided in the Facility Lease, the City hereby irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Facilities, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the County of Contra Costa, California, for, to the extent permitted by law, the account of and at the expense of the City, and the City, to the extent permitted by law, exempts and agrees to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Facility Lease. The City agrees that the terms of the Facility Lease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of the Facility Lease, and further agrees that no acts of the Authority in effecting such re-letting will constitute a surrender or termination of the Facility Lease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Facility Lease will vest in the

Authority to be effected in the sole and exclusive manner provided for in sub-paragraph (1) above. The City further waives the right to any rental obtained by the Authority in excess of the rental specified in the Facility Lease and conveys and releases such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof. The City further agrees, to the extent permitted by law, to pay the Authority the reasonable cost of any alterations or additions to the Facilities necessary to place the Facilities in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

Pursuant to the Facility Lease, the City also waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as therein provided and all claims for damages that may result from the destruction of or injury to the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

In addition to the other remedies set forth in the Facility Lease, upon the occurrence of an event of default as described in the Facility Lease, the Authority will be entitled to proceed to protect and enforce the rights vested in the Authority by the Facility Lease and under the Site Lease or by law or by equity. The provisions of the Facility Lease and the duties of the City and of its trustees, officers or employees will be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority will have the right to bring the following actions:

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Facility Lease.

The exercise of any rights or remedies under the Facility Lease will not permit acceleration of Base Rental Payments.

Prepayment

The City will prepay on any date from insurance (including proceeds of title insurance) and eminent domain proceeds, to the extent provided in the Facility Lease (provided, however, that in the event of partial damage to or destruction of the Facilities caused by perils covered by insurance, if in the judgment of the Authority the insurance proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, such proceeds will be held by the Trustee and used to repair, reconstruct or replace the damaged or destroyed portion of the Facilities, pursuant to the procedure set forth in the Facility Lease for proceeds of insurance), all or any part of Base Rental Payments then unpaid so that the aggregate annual amounts of Base Rental Payments which will be payable after such prepayment date will be as nearly proportional as practicable to the aggregate annual amounts of Base Rental Payments unpaid prior to the prepayment date (taking into account the reduction in Base Rental allocable to future interest on the Series 2016 Bonds that are redeemed), at a prepayment amount equal to the redemption payment of the maximum amount of Series 2016 Bonds, including the principal thereof and the interest thereon to the date of redemption, plus any applicable premium redeemable from such proceeds.

If all requirements of the Trust Agreement regarding Discharge of Bonds have been satisfied, the City may prepay, from any source of available funds, all or any portion of Base Rental Payments by depositing with the Trustee moneys or securities as provided in the Defeasance provisions of the Trust Agreement sufficient to defease Series 2016 Bonds corresponding to such Base Rental Payments when due; provided, if required by the Trust Agreement, that the City furnishes the Trustee with an Opinion of Counsel that such deposit will not cause interest on the Series 2016 Bonds to be includable in gross income for federal income tax purposes. The City agrees

that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and will not be entitled to any reimbursement of such Base Rental Payments.

Option to Purchase

When (1) there will have been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments described in subsection (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal, premium, if any, and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be; (2) all requirements of the Trust Agreement for the discharge of Bonds have been satisfied; and (3) an agreement will have been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds will remain unpaid, then and in that event the right, title and interest of the Authority in the Facility Lease and the obligations of the City under the Facility Lease will thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof will be transferred and conveyed to the City. In such event, the Authority will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority and evidence such discharge and satisfaction, and the Authority will pay over to the City as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant to the Facility Lease other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and will be applied by the Authority to the payment of the Base Rental Payments or the option price and the fees and expenses of the Trustee.

The City will have the option to purchase the Authority's interest in any part of Facilities upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the increment, earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facility Lease of the part of the total rent attributable under the Facility Lease to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment will be made to the Trustee and will be treated as rental payments and will be applied by the Trustee to pay the principal of the Bonds and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the provisions of the Trust Agreement regarding Discharge of Bonds, (a) the Base Rental thereafter payable under the Facility Lease will be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant to this section, (b) the provisions of the Facility Lease regarding Rental Abatement and this section will not thereafter be applicable to such part of the Facilities, (c) the insurance required by the provisions of the Facility Lease regarding fire and extended coverage insurance, liability insurance and rental interruption or use and occupancy insurance of the Facility Lease need not be maintained as to such part of the Facilities, and (d) title to such part of the Facilities, including the portion of the Facilities upon which such part of the Facilities is located will vest in the City and the term of the Facility Lease will end as to Facilities, including the portion of the Facilities upon which such part of the Facilities is located.

Sale of Personal Property

The City, in its discretion, may request the Authority to sell or exchange any personal property which may at any time constitute a part of the Facilities, and to release said personal property from the Facility Lease, if (a) in the opinion of the City the property so sold or exchanged is no longer required or useful in connection with the operation of the Facilities, (b) the consideration to be received from the property is of a value substantially equal to the value of the property to be released, and (c) if the value of any such property will, in the opinion of the Authority, exceed the amount of $100,000, the Authority will have been furnished a certificate of an

independent engineer or other qualified independent professional consultant (satisfactory to the Authority) certifying the value thereof and further certifying that such property is no longer required or useful in connection with the operation of the Facilities. In the event of any such sale, the full amount of the money or consideration received for the personal property so sold and released will be paid to the Authority. Any money so paid to the Authority may, so long as the City is not in default under any of the provisions of the Facility Lease, be used upon the Written Request of the City either to prepay Base Rental pursuant to the Facility Lease or to purchase personal property, which property will become a part of the Facilities leased under the Facility Lease. The Authority may require such opinions, certificates and other documents as it may deem necessary before permitting any sale or exchange of personal property subject to the Facility Lease or before releasing for the purchase of new personal property money received by it for personal property so sold.

Continuing Disclosure Agreement

The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Facility Lease, failure of the City to comply with the Continuing Disclosure Agreement will not be considered an Event of Default under the Facility Lease; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Series 2016 Bonds Outstanding and provided satisfactory indemnification is provided to the Trustee, will) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to compel the City to comply with its obligations under this section.

THE TRUST AGREEMENT

The Trust Agreement, among other things, provides for the issuance, execution and delivery of the Series 2016 Bonds and sets forth the terms thereof, provides for the creation of certain of the funds described below, includes certain covenants of the Authority, defines events of default and remedies therefor, and sets forth the rights and responsibilities of the Trustee. Certain provisions of the Trust Agreement setting forth the terms of the Series 2016 Bonds, the redemption provisions thereof and the use of the proceeds of the Series 2016 Bonds are set forth elsewhere in this Official Statement. See "ESTIMATED SOURCES AND USES OF FUNDS," "THE SERIES 2016 BONDS" and "SECURITY FOR THE SERIES 2016 BONDS."

The Trustee

MUFG Union Bank, N.A., a national banking association, has been appointed by the Authority as Trustee. The Trustee will receive all of the Bond proceeds and the Revenues for disbursement in conformity with the Trust Agreement. In addition, the Trustee will act as registrar of the Bonds. Payments of principal of, interest or redemption premiums, if any, on the Bonds will be made through the California corporate trust office of the Trustee.

Pledge of Revenues; Creation of Special Funds and Accounts

All Revenues, any other amounts (including proceeds of the sale of the Bonds) held by the Trustee in any fund or account established under the Trust Agreement (other than amounts on deposit in the Rebate Fund created pursuant to the Trust Agreement) and any other amounts (excluding Additional Payments) received by the Authority in respect of the Facilities are irrevocably pledged and assigned to the payment of the interest and premium, if any, on and principal of the Bonds (and Related Obligations) as provided in the Trust Agreement, and the Revenues and other amounts pledged under the Trust Agreement will not be used for any other purpose while any of the Bonds (and Related Obligations) remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted under the Trust Agreement. This pledge will constitute a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established under the Trust Agreement (excluding amounts on deposit in the Rebate Fund) for the payment of the interest on and principal of the Bonds (and Related Obligations) in accordance with the terms thereof and of the Trust Agreement.

The Trust Agreement provides for the establishment of the following special trust funds and accounts, among others, all to be held and administered by the Trustee: the Revenue Fund (within which the Interest Account and the Principal Account will be established and maintained), the Reserve Fund (which includes any Reserve Account for any additional Series of Bonds issued under the Trust Agreement), the Costs of Issuance Fund, the Bond Proceeds Fund and the Rebate Fund. The Trust Agreement further provides for the establishment of a project fund until the completion of any Project financed with proceeds of Additional Bonds. There is no Reserve Account established for, and no Reserve Requirement associated with, the Series 2016 Bonds.

All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity). All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal or Redemption Price of the Bonds as it becomes due and payable, whether at maturity or redemption, except that any money in any sinking account will be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such sinking account was created. All money in any Reserve Account established pursuant to the Trust Agreement will be used to replenish the Interest Account and the Principal Account, in that order, to the extent there are insufficient amounts in either of such accounts, except that so long as the Authority is not in default under the Trust Agreement, any cash amounts in the any Reserve Account in excess of the Reserve Requirement, if any, will be withdrawn from such Reserve Account and deposited in the Revenue Fund on or before each Interest Payment Date. There is no Reserve Account established for, and no Reserve Requirement associated with, the Series 2016 Bonds. Moneys in the Costs of Issuance Fund will be used to pay the Costs of Issuance of the Bonds upon receipt by the Trustee of a Written Request of the Authority. Moneys in the Bond Proceeds Fund will be used to pay the Termination Payment upon receipt by the Trustee of a Written Request of the Authority.

Assignment of Interests

The Trust Agreement provides to the extent permitted by law for an unconditional grant, transfer and assignment to the Trustee for the benefit of the Owners without recourse all of the Authority's right, title and interest as lessee under the Site Lease and as lessor under the Facility Lease, including without limitation the following: (i) all its rights to receive the Base Rental Payments scheduled to be paid by the City under the Facility Lease, (ii) all rents, profits, products and proceeds from the Facilities to which the Authority has any right or claim whatsoever under the Facility Lease, (iii) the right to take all actions and give all consents under the Site Lease or the Facility Lease, (iv) any right of access provided in the Site Lease or the Facility Lease, and (v) any and all other rights and remedies of the Authority in the Site Lease as lessee thereunder and in the Facility Lease as lessor thereunder; provided that, so long as no Event of Default (as defined in the Facility Lease) will have occurred or be continuing, the Authority will have and may exercise all rights of the lessee under the Site Lease and of the lessor under the Facility Lease other than the right to receive the Base Rental Payments due and owing under the Facility Lease.

Revenue Fund

Moneys in the Revenue Fund will be transferred to and deposited in the following respective accounts in the following order of priority, pursuant to the Trust Agreement:

(1) Interest Account. On or before each Interest Payment Date, the Trustee will set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date.

(2) Principal Account. On or before each November 1, commencing November 1 2016, the Trustee will set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such November 1 into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such November 1. On or before each Redemption Date, the Trustee will set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the

Redemption Price required to be paid on such Redemption Date. No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such November 1 plus the aggregate amount of all sinking fund payments required to be made on such November 1 for all Outstanding Term Bonds. The Trustee will establish and maintain within the Principal Account a separate subaccount for the Term Bonds of each Series and maturity, designated as the "____ Sinking Account" (the "Sinking Account"), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. With respect to each Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee will apply the mandatory sinking account payment required on that date to the redemption (or payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Trust Agreement.

(3) Reserve Fund. The Trustee will establish, maintain and hold in trust a separate fund designated the "Reserve Fund," and may establish accounts to secure any additional Series of Bonds issued hereunder. There is no Reserve Account established for, and no Reserve Requirement associated with, the Series 2016 Bonds.

Application of Insurance Proceeds

In the event of any damage to or destruction of any part of the Facilities covered by insurance, the Authority, will cause the proceeds of such insurance to be utilized for the repair, reconstruction or replacement of the damaged or destroyed portion of the Facilities, and the Trustee will hold said proceeds in a fund established by the Trustee for such purpose separate and apart from all other funds designated the "Insurance and Condemnation Fund", to the end that such proceeds will be applied to the repair, reconstruction or replacement of the Facilities to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said proceeds. The City, as agent of the Authority, will file a Certificate of the City with the Trustee that sufficient funds from insurance proceeds or from any funds legally available to the Authority or the City, or from any combination thereof, are available in the event it elects to repair, reconstruct or replace the Facilities. The Trustee will invest said proceeds in Permitted Investments pursuant to the Written Request of the City, as agent for the Authority under the Facility Lease, and withdrawals of said proceeds will be made from time to time upon the filing with the Trustee and the Authority of a Written Request of the City, stating that the City has expended moneys or incurred liabilities in an amount equal to the amount therein stated for the purpose of the repair, reconstruction or replacement of the Facilities, and specifying the items for which such moneys were expended, or such liabilities were incurred, in reasonable detail. Any balance of such proceeds not required for such repair, reconstruction or replacement and the proceeds of use and occupancy insurance will be paid to the Trustee as Base Rental Payments and applied in the manner provided by the Trust Agreement. Alternatively, the Authority with the written consent of the City, and if the proceeds of such insurance together with any other moneys then available for such purpose (including allocable portions of any Reserve Account) are sufficient to prepay all, in case of damage or destruction in whole of the Facilities, or that portion, in the case of partial damage or destruction of the Facilities, of the Base Rental Payments and all other amounts relating to the damaged or destroyed portion of the Facilities, may elect not to repair, reconstruct or replace the damaged or destroyed portion of the Facilities and thereupon will cause said proceeds to be used for the redemption of Outstanding Bonds pursuant to the applicable provisions of the Trust Agreement relating to extraordinary redemption. The City will not apply the proceeds of insurance as set forth in this section to redeem the Bonds in part due to damage or destruction of a portion of the Facilities unless the Base Rental Payments on the undamaged portion of the Facilities will be sufficient to pay the scheduled principal and interest on the Bonds remaining unpaid after such redemption.

Investments

Subject to certain provisions of the Trust Agreement, all money held by the Trustee in any of the funds or accounts established pursuant to the Trust Agreement will be invested in Permitted Investments at the Written Request of the Authority, or, if no instructions are received, the funds will remain uninvested. Investment instructions will be promptly and diligently requested by the Trustee until received. Such investments will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement; provided, however, that moneys in any Reserve Account for any additional Series of Bonds will be invested in Permitted Investments with a term to maturity not exceeding five (5) years. For purposes

of this restriction, Permitted Investments containing a repurchase option or put option by the investor will be treated as having a maturity of no longer than such option. Unless otherwise instructed by the Authority, all interest or profits received on any money so invested will be deposited first in any Reserve Account, to the extent necessary to make amounts on deposit in such Reserve Account equal to the Reserve Requirement, if any, for such Series of Bonds, and then to any project fund until completion of any Project and then in the Revenue Fund; provided that, with respect to any project fund, earnings on amounts in such fund will be credited to such fund until completion of the respective Projects. The Trustee will value Permitted Investments held in any Reserve Account with respect to any Series of Bonds as provided in such Supplemental Trust Agreement for such Series of Bonds; provided that for purposes of this section, the value of any such Permitted Investment will be an amount equal to the lesser of the cost or the fair market value of such Permitted Investment. Investments purchased with funds on deposit in the Revenue Fund will mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment. The Trustee and its affiliates may act as principal, agent, sponsor or advisor with respect to any investments. The Trustee will not be liable for any losses on investments made in accordance with the terms and provisions of the Trust Agreement.

Additional Bonds

The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, including additional Series to provide planned improvements within the Facilities (the "Planned Improvements"), payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided in the Trust Agreement equal to the pledge, charge and lien securing the Outstanding Bonds, subject to the specific conditions set forth in the Trust Agreement, as follows:

(a) The Authority will be in compliance with all agreements and covenants contained in the Trust Agreement.

(b) The Supplemental Trust Agreement will require that the proceeds of the sale of such Additional Bonds will be applied to the acquisition (by purchase or lease) or construction of facilities to be added to the Facilities or for the refunding of Outstanding Bonds.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement will not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

(d) The Facility Lease will have been amended, if necessary, and duly recorded in the official records of the County Recorder of the County, so that the Base Rental Payments payable by the City thereunder in each Fiscal Year will at least equal Debt Service, including Debt Service on the Additional Bonds, in each Fiscal Year.

(e) The Facility Lease will have been amended and duly recorded in the official records of the County Recorder of the County, so as to lease to the City the project being financed from the proceeds of such Additional Bonds or facilities of comparable worth and economic life.

(f) If the proceeds of such Additional Bonds are to be used, in whole or in part, to finance construction on real property not described in the Facility Lease or the additional Facilities to be leased are not situated on property described in the Facility Lease, (1) the Site Lease will have been amended so as to lease to the Authority such additional real property; and (2) the Facility Lease will have been amended so as to lease to the City such additional real property.

(g) If the additional Facilities to be leased are to be constructed, the Trustee will be paid an amount of capitalized interest on the Additional Bonds for the estimated period of construction and six months thereafter; provided that if the annual Debt Service on the Additional Bonds issued for the Planned Improvements when combined with the annual Debt Service on the outstanding Series 2016 Bonds is less than the initial maximum annual Debt Service on the Series 2016 Bonds, no capitalized interest will be required for such Additional Bonds issued to fund the Planned Improvements.

(h) The Supplemental Trust Agreement may specify a Reserve Requirement for such Additional Bonds and provide, if necessary, that from such proceeds or other sources an amount will be deposited in a Reserve Account so that following such deposit there will be on deposit in the Reserve Account an amount at least equal to the Reserve Requirement for such additional Series of Bonds.

(i) The construction of the Planned Improvements will be undertaken in such a manner as will not interfere with the City's beneficial use and occupancy of any Project.

Limitations on the Issuance of Obligations Payable from Revenues

The Authority will not, so long as any of the Bonds are Outstanding, issue any obligations or securities, however denominated, payable in whole or in part from Revenues except the following:

(a) Bonds of any Series authorized in accordance with the Additional Bonds provisions of the Trust Agreement;

(b) Related Obligations that provide security for a Series of Bonds;

(c) Obligations which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Bonds and which subordinated obligations are payable as to principal, premium, interest and reserve fund requirements, if any, only out of Revenues after the prior payment of all amounts then required to be paid under the Trust Agreement from Revenues for principal, premium, interest and reserve fund requirements for the Bonds, as the same become due and payable and at the times and in the manner as required in the Trust Agreement.

Against Encumbrances

The Authority covenants in the Trust Agreement that it will not make any pledge or assignment of or place any charge or lien upon the Revenues except as provided in the Trust Agreement, and will not issue any bonds, notes or obligations payable from the Revenues or secured by a pledge of or charge or lien upon the Revenues except as provided in the Trust Agreement.

Defaults and Remedies

Events which constitute an "event of default" under the Trust Agreement include:

(a) if default will be made by the Authority in the due and punctual payment of the interest on any Bond when and as the same will become due and payable;

(b) if default will be made by the Authority in the due and punctual payment of the principal or premium, if any, of any Bond when and as the same will become due and payable, whether at maturity as therein expressed or by proceedings for mandatory redemption;

(c) if default will be made by the Authority in the performance of any of the other agreements or covenants required therein to be performed by the Authority, and such default will have continued for a period of sixty (60) days or (or if the Authority notifies the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such sixty (60) day period, the failure will not constitute an event of default if the Authority commences to cure the failure within such sixty (60) day period and thereafter diligently and in good faith cures such failure in a reasonable period of time);

(d) if the Authority will file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction will approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of

competent jurisdiction will assume custody or control of the Authority or of the whole or any substantial part of its property; or

(e) if an Event of Default has occurred under the Facility Lease.

In each and every such case during the continuance of such event of default, the Trustee upon the written request of the Bondholders of not less than a majority in aggregate principal amount of the Outstanding Bonds will, by notice in writing to the Authority, declare the principal of and interest on all Outstanding Bonds to be due and payable immediately, anything contained within the Trust Agrement or in the Bonds to the contrary notwithstanding. The Trustee will promptly notify all Bondholders by first class mail of any such event of default which is continuing of which a Responsible Officer has actual knowledge or written notice.

The aforementioned provision is subject to the condition that if at any time after the principal of the Outstanding Bonds will have been so declared due and payable and before any judgment or decree for the payment of the money due will have been obtained or entered the Authority will deposit with the Trustee a sum sufficient to pay all matured interest on all the Bonds and all principal of the Bonds matured prior to such declaration and premium, if any, with interest at the rate borne by such Bonds on such overdue interest and principal and premium, if any, and the reasonable fees and expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of interest on and principal of the Bonds due and payable solely by reason of such declaration) will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate will have been made therefor, then and in every such case the Trustee or the Bondholders of not less than a majority in aggregate principal amount of Bonds then Outstanding, by written notice to the Authority and to the Trustee, may on behalf of the Bondholders of all the Bonds then Outstanding rescind and annul such declaration and its consequences; but no such rescission and annulment will extend to affect any subsequent default or will impair or exhaust any right or power consequent thereon.

No Bondholder of any Bond issued under the Trust Agreement will have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless (a) such Bondholder has previously given the Trustee written notice of the occurrence of an event of default as defined in the Trust Agreement; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding have made written request to the Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name; (c) said Bondholders have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of sixty (60) days after such request has been received by, and said tender of indemnity has been made to, the Trustee.

Application of Funds Upon Acceleration

All moneys in the accounts and funds provided in certain provisions of the Trust Agreement upon the date of the declaration of acceleration by the Trustee as provided in the Trust Agreement and all Revenues (other than Revenues on deposit in the Rebate Fund) thereafter received by the Authority thereunder will be transmitted to the Trustee and will be applied by the Trustee in the following order:

First, to the payment of the reasonable fees, costs and expenses of the Trustee in providing for the declaration of such event of default and carrying out its duties under the Trust Agreement, including reasonable compensation to their accountants and counsel together with interest on any amounts advanced as provided therein and thereafter to the payment of the reasonable costs and expenses of the Bondholders, if any, in carrying out the provisions of the Trust Agreement, including reasonable compensation to their accountants and counsel; and

Second, upon presentation of the several Bonds, and the stamping thereon of the amount of the payment if only partially paid or upon the surrender thereof if fully paid, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, and premium, with (to the extent permitted by law) interest on the overdue interest and principal and premium at the rate borne by such Bonds, and in case such money will be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and premium and (to the extent permitted by law) interest on overdue interest and principal and premium without preference or priority among such interest, principal and premium and interest on overdue interest and principal and premium ratably to the aggregate of such interest, principal and premium and interest on

overdue interest and principal and premium; provided that any funds held in a Reserve Account for a Series of Bonds will be used solely to pay principal of and interest on such Series of Bonds.

Amendments to Facility Lease or Site Lease

The Authority will not supplement, amend, modify or terminate any of the terms of the Facility Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security hereby given for the payment of the Bonds (provided that such supplement, amendment or modification will not be deemed to have such adverse effect or to cause such material impairment solely by reason of substitution of real property pursuant to the Facility Lease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to accommodate any substitution in accordance with the Facility Lease, (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or substituted for the Facilities pursuant to the provision of the Facility Lease, or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination; provided, that no such supplement, amendment, modification or termination will reduce the amount of Base Rental Payments to be made to the Authority or the Trustee by the City pursuant to the Facility Lease to an amount less than the scheduled principal and interest payment on the Outstanding Bonds, or extend the time for making such payments, or permit the creation of any lien prior to or on a parity with the lien created by the Trust Agreement on the Base Rental Payments (except as expressly provided in the Facility Lease), in each case without the written consent of all of the Bondholders of the Bonds then Outstanding.

The Authority will not supplement, amend, modify or terminate any of the terms of the Site Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent if such supplement, amendment, modification or termination (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security given by the Trust Agreement for the payment of the Bonds, (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City, (c) is to cure, correct or supplement any ambiguous or defective provision contained therein, (d) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended or preferred to be included therein, or substituted for the Facilities pursuant to the provisions of the Facility Lease, or (e) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

Amendment of Trust Agreement

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may be amended at any time by a Supplemental Trust Agreement which will become binding when the written consent of the Bondholders of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Trust Agreement, are filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Bondholders of such Bonds will not be required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under the Trust Agreement. In addition, consent of the Bondholders may be evidenced by documents providing that Bondholders consent to an amendment by purchasing Bonds if the official statement or other disclosure document related to such purchase disclosed that purchase of the Bonds was deemed to evidence that the Bondholder consented to the amendment. In such case, Bondholders consent will be certified by the Authority by filing such disclosure documents with the Trustee. No such amendment will (1) extend the maturity of or reduce the interest rate on or amount of interest on or principal or redemption premium, if any, on any Bond without the express written consent of the Bondholder of such Bond, or (2) permit the creation by the Authority of any pledge of or charge or lien upon the Revenues as provided in the

Trust Agreement superior to or on a parity with the pledge, charge and lien created by the Trust Agreement for the benefit of the Bonds, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, or (4) modify any rights or obligations of the Trustee, the Authority or the City without their prior written assent thereto, respectively. It will not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Trust Agreement, but it will be sufficient if such consent will approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Trust Agreement pursuant to this paragraph, the Trustee will mail a notice on behalf of the Authority, setting forth in general terms the substance of such Supplemental Trust Agreement to the Bondholders at the addresses shown on the registration books maintained by the Trustee. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Trust Agreement.

The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which will become binding upon adoption without the consent of any Bondholders for any one or more of the following purposes --

(i) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved to or conferred on the Authority in the Trust Agreement;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising under the Trust Agreement which the Authority may deem desirable or necessary;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which will be deemed not to adversely affect Bondholders); or

(iv) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939;

(v) to grant or pledge to the Bondholders of any Series any additional bond security;

(vi) to make any change therein necessary, in the Opinion of Bond Counsel, to maintain the exclusion from gross income for federal income tax purposes of the interest on any Outstanding Bonds intended by the Authority to bear federally tax-exempt status;

(vii) to make modifications or adjustments necessary in order to provide for payment or reimbursement under a credit agreement, liquidity agreement or similar support agreement relating to any Bonds or a Reserve Facility;

(viii) to modify, alter, amend or supplement the Trust Agreement if (1) all of the Bonds of the Series to be affected thereby are variable interest rate bonds, (2) the modification, alteration, amendment or supplement will not become effective until written notice thereof will have been given to Bondholders of the affected Series by the Trustee, and (3) thirty (30) days will have passed during which time such Bondholders will have had the opportunity to tender their variable interest rate bonds for purchase.

Discharge of Bonds

If the Authority will pay or cause to be paid or there will otherwise be paid to the Bondholders of all or any portion of the Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated therein and in the Trust Agreement, and the Authority will pay in full all other amounts due under the Trust Agreement and under the Facility Lease, then the Bondholders of such Bonds will cease to be entitled to the pledge of and charge and lien upon the Revenues as provided in the Trust Agreement, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds under the Trust Agreement will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee will pay over or deliver to the Authority all money

or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due under the Trust Agreement and under the Facility Lease.

Any Outstanding Bonds will prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Trust Agreement if (1) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority will have given to the Trustee in form satisfactory to it irrevocable instructions to provide notice in accordance with the Trust Agreement, (2) there will have been deposited with the Trustee (A) cash in an amount which will be sufficient and/or (B) noncallable Government Securities, the interest on and principal of which when paid will provide cash which, together with the cash, if any, deposited with the Trustee at the same time, will be sufficient, in the opinion of an Independent Certified Public Accountant, to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and redemption premiums, if any, on such Bonds, and (3) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Authority will have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Bondholders of such Bonds that the deposit required by clause (2) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Trust Agreement and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and redemption premiums, if any, on such Bonds.

In the event of an advance refunding (i) the Authority will cause to be delivered, on the deposit date and upon any reinvestment of the defeasance amount, a report of an Independent Certified Public Accountant verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity date or redemption date ("Verification") (which Verification will verify the mathematical accuracy of the computations relating to the adequacy of cash plus Government Securities to be held in escrow to pay debt service requirements (principal, interest and redemption price, including premium, to the applicable redemption or maturity dates) when due on the Bonds to be refunded), (ii) the escrow agreement will provide that no (A) substitution of a Government Security will be permitted except with another Government Security and upon delivery of a new Verification and (B) reinvestment of a Government Security will be permitted except as contemplated by the original Verification or upon delivery of a new Verification, and (iii) there will be delivered an Opinion of Bond Counsel to the effect that the Bonds are no longer "Outstanding" under the Trust Agreement; each Verification and opinion will be addressed to the Authority and the Trustee.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Richmond (the "City"), and Willdan Financial Services, as dissemination agent (the "Dissemination Agent") in connection with the issuance of $28,390,000 aggregate principal amount of Richmond Joint Powers Financing Authority Lease Revenue Bonds, Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to the terms of an Trust Agreement, dated as of February 1, 2016 (the "Trust Agreement"), by between the Richmond Joint Powers Financing Authority (the "Authority") and MUFG Union Bank, N.A., as trustee (the "Trustee"). Pursuant to the Facility Lease, dated as of February 1, 2016 (the "Facility Lease"), by and between the Authority and the City, the City is obligated to make certain Base Rental payments sufficient to pay debt service on the Series 2016 Bonds. The City and the Dissemination Agent hereby covenant and agree as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City and Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Series 2016 Bonds and in order to assist the Participating Underwriter (as defined below) in complying with the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

"Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2016 Bonds (including persons holding Series 2016 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2016 Bonds for federal income tax purposes.

"Disclosure Representative" means the Director of Finance of the City or any designee, or such other officer of employee as the City may designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" means initially Willdan Financial Services, or any successor Dissemination Agent designated in writing by the City and which has filed a written acceptance of such designation with the City.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement dated January 27, 2016 relating to the Series 2016 Bonds.

"Participating Underwriter" means the original underwriter of the Series 2016 Bonds is required to comply with the Rule in connection with the offering of the Series 2016 Bonds.

"Repository" means the Electronic Municipal Market Access site maintained by the MSRB at http://emma.msrb.org or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule.

"Rule" means paragraph (b) (5) of Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Specified Events" means any of the events listed in Section 5(a) of this Disclosure Agreement.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than two hundred seventy (270) days after the end of the City's Fiscal Year (currently June 30), commencing with the report for the City's Fiscal Year ended June 30, 2015, provide to the Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be submitted in electronic format, accompanied by such identifying information as is prescribed by the Repository, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of such Annual Report and later than the date required above for the filing of such Annual Report if they are not available by that date. If the City's Fiscal Year changes, the City shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date specified in Section 3(a) for providing each Annual Report to the Repository, the City shall provide such Annual Report to the Dissemination Agent; provided, however, that the City my distribute the Annual Report to the Repository itself after providing written notice to the Dissemination Agent. If by said date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the Annual Report.

(c) If the City is unable to provide to the Dissemination Agent an Annual Report by the date required in Section 3(a), the Dissemination Agent is irrevocably instructed to file a notice, in electronic format, to the Repository in substantially the form attached hereto as Exhibit A.

(d) The Dissemination Agent shall file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report of the City shall contain or incorporate by reference the following:

(a) The audited financial statements of the City, for the Fiscal Year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Reports are required to be filed pursuant to Section 3(a) of this Disclosure Agreement, the Annual Reports shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement relating to the Series 2016 Bonds, and the audited financial statements shall be filed in the same manner as the Annual Reports when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3(a), financial information and

operating data with respect to the City for preceding Fiscal Year, substantially similar to that provided in the tables and charts in the Official Statement, as follows:

(i) A maturity schedule for the outstanding Series 2016 Bonds, and a listing of Series 2016 Bonds redeemed prior to maturity during the prior Fiscal Year.

(ii) The balance in each of the following funds established pursuant to the Trust Agreement as of the close of the prior Fiscal Year:

(A) total deposits in the Revenue Fund for the prior Fiscal Year (with a statement of the debt service requirement discharged by the Revenue Fund in the prior Fiscal Year);

(B) the Reserve Account (with a statement of the current Series 2016 Reserve Account Requirement and the name of the guaranteed investment contract provider, if any).

(iii) a summary of financial information on revenues, expenditures and change in fund balances for the City's general fund for the Fiscal Year of the City most recently ended, similar to the information presented in Table A-2;

(iv) a summary of financial information on the proposed and adopted budgets of the City for the current Fiscal Year and any changes in the adopted budget, similar to the information presented in Table A-3;

(v) a summary of assessed valuation of taxable property of the City for the current Fiscal Year, similar to the information presented in Table A-5;

(vii) a summary of property tax receipts of the City for the current Fiscal Year, similar to the information presented in Table A-7;

(vi) a summary of secured tax levies and delinquencies in the City for the current Fiscal Year, similar to the information presented in Table A-8;

(viii) a summary of the largest secured property taxpayers in the City for the current Fiscal Year, similar to the information presented in Table A-9; and

(ix) a summary of sales tax receipts in the City for the current Fiscal Year, similar to the information presented in Table A-11.

Any or all of the items listed above may be included by specific reference to other documents, including official statements or other disclosure documents of debt issues of the City or related public entities, which have been filed with the Repository or the Commission. If the document included by reference is a final official statement, it must be available from the Repository. The City shall clearly identify each such other document so included by reference.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the City to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the City or to reflect changes in the business, structure, operations, legal form of the City or any mergers, consolidations, acquisitions or

dispositions made by or affecting the City; provided that any such modifications shall comply with the requirements of the Rule.

SECTION 5. Reporting of Specified Events.

(a) Pursuant to the provisions of this section, to the extent applicable, the City shall provide notice of the occurrence of any of the following events with respect to the Series 2016 Bonds, not later than ten (10) business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) Unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) Substitution of credit or liquidity providers, or their failure to perform;

(v) Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) Tender offers;

(vii) Defeasances;

(viii) Rating changes; or

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person. This event is considered to occur upon the happening of any of the following: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2016 Bonds, if material, not later than ten (10) business days after the occurrence of the event:

(i) Unless described in Section 5(a)(v) above, adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Series 2016 Bonds or other material events affecting the tax status of the Series 2016 Bonds;

(ii) Modifications to rights of the Series 2016 Bonds holders;

(iii) Optional, unscheduled or contingent Series 2016 Bonds calls;

(iv) Release, substitution, or sale of property securing repayment of the Series 2016 Bonds;

(v) Non-payment related defaults;

(vi) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(vii) Appointment of a successor or additional paying agent or the change of name of a paying agent.

(c) If the City learns of the occurrence of an event listed in Section 5(a) above or determines that knowledge of the occurrence of an event listed in Section 5(b) above would be material under applicable federal securities laws, the City shall within ten (10) business days of occurrence file or cause to be filed a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the occurrence of a Specified Event described in Section 5(a)(vii) and Section 5(b)(iii) above need not be given any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2016 Bonds pursuant to the Trust Agreement.

(d) If the Dissemination Agent has been instructed by the City to report the occurrence of a Specified Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Specified Events described in Section 5(a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2016 Bonds pursuant to the Trust Agreement.

(e) The Dissemination Agent may conclusively rely on an opinion of counsel that the City's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Termination of Reporting Obligation. The obligations of the City under the Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2016 Bonds.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty (60) days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the City shall be the Dissemination Agent.

The initial Dissemination Agent shall be Willdan Financial Services.

SECTION 8. Additional Information. Nothing in the Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Disclosure Agreement or any other means of communication, or including any other information in any notice of occurrence of a Specified Event, in addition to that which is required by the Disclosure Agreement. If the City chooses to include any information in any notice of occurrence of a Specified Event in addition to that which is specifically required by the Disclosure Agreement, the City shall have

no obligation under the Disclosure Agreement to update such information or include it in any future notice of occurrence of a Specified Event.

SECTION 9. Default. In the event of a failure of the City to comply with any provision of the Disclosure Agreement, the Underwriter or any Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Agreement; provided, that the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with the Disclosure Agreement shall be an action to compel performance hereunder.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section 8 shall survive resignation or removal of the Dissemination Agent and payment of the Series 2016 Bonds.

To the City:

City of Richmond
Richmond City Hall
450 Civic Center Plaza
Richmond, California 94804
Attention: Finance Director
Telephone: 510-620-6512
Fax: 510-620-6542

If to the Dissemination Agent:

Willdan Financial Services
27368 Via Industria, Suite 200
Temecula, California 92590
Attention: Manager
Phone: 951-587-3500
Fax: 951-587-3510

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter, the Owners and Beneficial Owners from time to time of the Series 2016 Bonds, and shall create no rights in any other person or entity.

SECTION 12. Governing Law. The laws of the State of California shall govern this Disclosure Agreement, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Disclosure Agreement shall be brought, commenced or prosecuted in any courts of the State located in Contra Costa County, California.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: February 3, 2016

CITY OF RICHMOND

By:_____
Finance Director

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By:_____
Authorized Officer

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APPENDIX E

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Richmond Joint Powers Financing Authority
Richmond, California

Richmond Joint Powers Financing Authority
Lease Revenue Bonds, Series 2016
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Richmond Joint Powers Financing Authority (the "Authority") in connection with the issuance of $28,390,000 aggregate principal amount of its Lease Revenue Bonds, Series 2016 (the "Bonds"), issued pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code and pursuant to a trust agreement, dated as of February 1, 2016 (the "Trust Agreement"), by and between the Authority and MUFG Union Bank, N.A., as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

In such connection, we have reviewed the Trust Agreement, the Facility Lease, the Site Lease, the Tax Certificate, certificates of the Authority, the City, the Trustee and others, opinions of counsel to the Authority, the City and the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Trust Agreement, the Facility Lease, the Site Lease, and the Tax Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds,

the Trust Agreement, the Facility Lease, the Site Lease, and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against joint powers authorities or cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Site Lease, the Facility Lease, or the Trust Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the Authority.

2. The Trust Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority. The Trust Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Trust Agreement, except the Rebate Fund, subject to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement.

3. The Facility Lease and the Site Lease have been duly executed and delivered by, and constitute the valid and binding obligations of, the City and the Authority.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York ("DTC") and DTC's book-entry system has been obtained from DTC and the City takes no responsibility for the completeness or accuracy thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Series 2016 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2016 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2016 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the maturity and CUSIP number of the Series 2016 Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTTC is owned by users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of

Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Trust Agreement. For example, Beneficial Owners of the Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within a maturity are being redeemed. DTC's practice is to determine by lot the amount of the interest of each Direct Participant in each issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Remarketing Agent, and shall effect delivery of such Securities by causing the Direct

Participant to transfer the Participant's interest in the Securities, on DTC's records, to Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2016 Bonds certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2016 Bonds certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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