

**City of Orinda, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**



Photo Credit: Jane Bordalo – Adore Orinda Photo Contest 2017, “Orinda Downtown at Dawn”

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City of Orinda, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

Prepared by
Finance Department

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CITY OF ORINDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal.....	i
List of City Officials	v
Mission Statement and Map of City.....	vi
Organization Chart	vii
GFOA Certificate of Achievement.....	viii
 FINANCIAL SECTION:	
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	22
Reconciliation of the Governmental Funds-Balance Sheet with the Statement of Net Position	24
Statement of Revenues, Expenditures and Changes in Fund Balances.....	26
Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statement of Activities	28
Proprietary Funds:	
Statement of Net Position	30
Statement of Revenues, Expenses and Changes in Net Position.....	31
Statement of Cash Flows	32
Fiduciary Funds:	
Statement of Net Position	34
Notes to the Basic Financial Statements	35
 Required Supplementary Information:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	70
Schedule of Revenues, Expenditures and changes in Fund Balance – Budget to Actual:	
General Fund	71
Community Facilities Maintenance.....	72
CCTA	73

CITY OF ORINDA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2018

Table of Contents

Page

FINANCIAL SECTION (Continued):

Other Supplementary Information:

Budgetary Comparison Schedule – Other Major Governmental Funds:

Schedule of Revenues, expenditures and Changes in Fund Balance - Budget to Actual:

City Capital Projects Fund.....	77
Road Bonds 2014 Capital Projects Fund.....	78
Road Bonds 2016 Capital Projects Fund.....	79

General Fund:

Combining Balance Sheet	82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	83
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual	84

Non-major Governmental Funds:

Combining Balance Sheet	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	94
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Gas Tax	98
Transportation Impact	99
Drainage Impact.....	100
Library.....	101
Park Dedication.....	102
Tree Mitigation	103
Recycling	104
Supplemental Law Enforcement S.L.E.S.F.	105
Assessment District L-42	106
Assessment District M-9	107
Assessment District M-11	108
Wilder CFD.....	109
Stormwater.....	110
Affordable Housing.....	111
TDA Grants.....	112
Road Maintenance.....	113
Road Bonds 2014	114
Road Bonds 2016	115
Oaksprings Assessments District	116
Other Grants.....	117
Road Stabilization	118

Internal Service Funds:

Combining Statement of Net Position	120
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	121
Combining Statement of Cash Flows	122

Agency Funds:

Combining Statement of Changes in Assets and Liabilities.....	124
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**CITY OF ORINDA, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2018**

Table of Contents

	<u>Page</u>
STATISTICAL SECTION:	
Statistical Section Overview	129
Net Position by Component	130
Changes in Net Position	131
Fund Balances, Governmental Funds.....	132
Changes in Fund Balances, Governmental Funds.....	133
Assessed Value and Actual Value of Taxable Property.....	134
Direct and Overlapping Debt	135
Top Ten Property Tax Payers.....	136
Schedule of Top 25 Principal Sales Tax Remitters.....	137
Property Tax Levies and Collections	138
Direct and Overlapping Tax Rates.....	140
Outstanding Debt.....	142
Legal Debt Margin Information	144
Demographic and Economic Statistics.....	146
Capital Asset Statistics by Function.....	147
Operating Indicators by Function.....	148
Full-time and Part-time City Employees by Function.....	149
Principal Employers	150
 Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 151

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INTRODUCTORY SECTION

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January 18, 2019

To the Members of the City Council, and Residents of the City of Orinda:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Orinda (City) for the year ended June 30, 2018. The purpose of the report is to provide the City Council, City Staff, residents, bond holders, and other interested parties with useful information concerning the City's operations and financial position. The City management is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This includes conformance with directives issued by the Governmental Accounting Standards Board (GASB), and other rule-making bodies. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

STEWARDSHIP

Financial reports are one of several efforts undertaken by the City to promote accountability. Management of the City has established an internal control framework that is designed both to protect the City'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 framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

As part of the overall efforts to provide stewardship of public funds, the City's financial statements have been audited by Maze and Associates Accountancy Corporation, a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatements. 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. Based upon the audit, Maze Associates concluded that there was reasonable basis for rendering an unmodified ("clean") opinion, on the City of Orinda's financial statements for the year ended June 30, 2018. The independent auditor's report is contained as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" when a "Single Audit" is required. The amount of Federal funds received during the year ending June 30, 2018 did not meet the threshold which would require the completion of a "Single Audit".

REPORT FORMAT

This report includes all funds of the City of Orinda and the report is organized in three main sections:

- Section I, the introductory section, contains the table of contents, this transmittal letter, and other general interest material.

- Section II, the financial section, contains the auditor's opinion, Management's Discussion and Analysis (MD&A), the basic financial statements, notes to the financial statements, and detailed combining and individual statements and schedules for the City's funds.
- Section III, the statistical section, includes a history of financial and non-financial data that give a context in which to understand the City's financial statements.

When reading this report users are encouraged to review the Management's Discussion and Analysis (MD&A) section, which immediately follows the independent auditor's report. This section provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY OF ORINDA

The City of Orinda incorporated as a City in 1985 after more than 100 years of gradual development. One of the primary reasons cited by voters for supporting incorporation, was the desire for local decision making. Most of residential Orinda is comfortably mature, with trees dominating roads and buildings. Orinda remains a family oriented community in an idyllic setting.

The City comprises approximately 12.8 square miles and is situated in the Oakland/Berkeley hills immediately east of the Caldecott Tunnel on Highway 24 in Contra Costa County. Orinda is a residential oriented community with a population of 19,199 where more than 60 percent of the City's 6,580 homes built between 1940 and 1970.

Orinda continues to make a mark on the region with the beautifully restored art deco Orinda Theatre, the California Shakespeare Theater, and a popular Community Center and Public Library. The City also includes a Bay Area Rapid Transit (BART) train station providing easy access to the larger Bay Area.

The City of Orinda operates under a Council-Manager form of government. Policy making and legislative authority are vested in the City Council, which consists of five members, elected at-large to four-year overlapping terms. The position of Mayor and Vice Mayor are chosen annually by the City Council. The City Council is responsible for the City's ordinances, operating resolutions, adoption of the annual budget, land use decisions in accordance with the General Plan, hiring the City Manager and City Attorney, and appointment of all members of advisory boards and commissions. The City Manager is responsible for the following activities: implementing the policies, ordinances, and directives of the City Council; and overseeing the day-to-day operations of the City. The City Attorney services are provided through a professional services agreement with a private law firm.

The City provides municipal services that include public safety, public works, parks and recreation, and planning services. The City operates with a small staff of 39 Full-Time Equivalent (FTE) positions supplemented by part-time employees. Sworn Police Services are provided under an agreement with the Contra Costa County Sheriff's Office. Public Works maintenance services are augmented by work performed by MCE Corporation, a private contractor. The City is not responsible for fire and emergency medical services as these are provided by the Moraga – Orinda Fire District.

BUDGET PROCESS

The City Council establishes biennial (two year) budgets with a mid-cycle annual review for the General Fund and all other Funds. Budgetary control is legally maintained at the fund level for these funds. Department Directors submit budget requests to the City Manager and Finance Director. The Finance Director prepares an estimate of revenues and prepares recommendations for the next year's budget. The

preliminary budget or mid-cycle adjustment is presented to the City Council at a public meeting. After deliberation and any amendments discussed as part of the public process, the City Council adopts the Budget or Mid-Cycle Adjustment by resolution on or before June 30th in accordance with the municipal code.

ECONOMIC CONDITIONS AND OUTLOOK

Property tax is the single largest source of revenue to the City. As such the City reviews property valuations as a direct indicator of economic conditions. Residential property accounts for approximately 93% of the total taxable assessed values. In Fiscal year 2017-2018 the City experienced an overall 5.4% increase in assessed values. Although the growth was positive it was slightly less than the growth in the previous year (-0.8%). However the increase for 2018-19 continued at approximately 6%. In an October 2018 report economists for the California Association of Realtors were forecasting that the number of homes sold would decline in 2019. Under the system of assessing homes in California, the sale of homes typically increases the assessed value. The City must prepare for the fiscal impact of smaller increases in the assessed valuation of properties. Projections prepared for the City use a 2% growth rate in future years.

Despite the growth in assessed valuation the City receives a very small share of the overall property tax rate. This is the result of the City's incorporation occurring after 1978 when a statewide measure, Proposition 13, placed limits on the maximum property tax that could be levied. The City of Orinda only receives approximately \$0.07 of each \$1.00 in property tax that is levied. The City must remain vigilant in monitoring costs and matching expenditures with projected revenue.

The second largest tax revenue for the City is Sales Tax. Given the small amount of commercial / retail development the City seeks to focus economic development activities on efforts to diversify and increase overall tax revenue. The top three business categories that contribute over one-half of the City's sales tax base are Restaurants, Service Stations, and Food Markets. HdL Companies, a sales tax consulting firm, has suggested that the Food and Drug growth in the coming years will be less than 2%. In the restaurant sector they project somewhat higher growth of 3.0%. The projected increase in sales tax derived from gasoline sales, is forecast at 0.2% in 2018-19 and 1% in 2019-20, based on forecasted decreases in the price of gasoline.

Included in the sales tax collected by the City is a local add-on sales tax approved by the voters in November 2012 (Measure L). The measure adds an additional ½ cent sales tax and was operative April 1, 2013 and will expire in 2023 unless reauthorized by the voters. The City has had support from the local voters with the approval of this measure as well as General Obligation bond debt used to improve streets and roadways. In June of 2018 the electorate approved an increased local parcel tax to supplement funding for the local County operated library. Without this type of support from the overall community, the City would be significantly limited in the services it is able to provide.

The City Council recognizes the importance of a continuing to develop a diverse revenue base in order to adequately support municipal services. As part of the strategic priorities adopted by the City Council "Prudent Financial Management" is a key element. In Fiscal Year 2017-18 the City began collecting Transient Occupancy Tax from short-term rentals. The City Council has also supported the local waste management authority levy of a road maintenance fees on the franchised garbage company. Efforts such as these diversify the types of revenue available.

In terms of expenditures, the largest portion of City spending is for contract services and the largest contract is with the Contra Costa County Office of the Sheriff. The second largest area of expenditures is for salaries and benefits. The City Council supports the need to be prudent when considering salary and benefit costs.

As part of the Fiscal Year 2018-19 Adopted Budget the total City staffing was reduced by 1.6 positions. This was achieved by evaluating services and restructuring as vacancies in City staffing occurred.

Since incorporation in 1985, the City operations have been supported by both contracted services and in-house staff. This allows the City to more easily respond to adjustments in service levels if they are needed to reduce expenditures.

The City is not impacted by the current pension crisis requiring agencies throughout the State to increase contributions to the California Public Employees Retirement System (PERS). The City does not participate in PERS for retirement benefits. Instead a defined contribution plan was established after the City incorporated. The City contributes a scheduled amount to employee 401a and 457 retirement accounts.

RECOGNITION

The Government Finance Officers Association (GFOA) has recognized the City of Orinda for its Comprehensive Annual Financial Report covering the period ending June 30, 2017. A copy of the award from GFOA is included in this report. This award represents the 4th consecutive year that the City's report was recognized by the GFOA.

In order to be recognized, the City was required to produce an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). The 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 this report will meet the program requirements to receive the award.

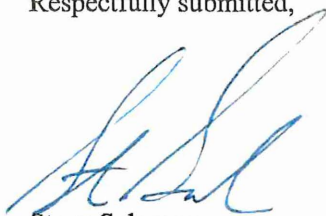
The City of Orinda will be submitting the June 30, 2018 Comprehensive Annual Financial Report for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department. Due to transition and a vacancy in Finance this year's report required additional coordination. Temporary accountant Alain Javier and the new Senior Accountant, Nancy Zhang, both provided valuable contributions to the final report. Also we wish to thank the professional staff at Maze & Associates including their entire team led by Katherine Yuen CPA and Kristine Manansala of Maze & Associates.

We appreciate the effort by the City Council and Finance Advisory Committee for their cooperation and support for maintaining the highest standards of professionalism in the management of the City of Orinda's finances.

Respectfully submitted,



Steve Salomon
City Manager



Paul S. Rankin
Finance Director

**City of Orinda
List of City Officials
For the year ended June 30, 2018**

City Council

Amy R. Worth, Mayor
Inga Miller, Vice Mayor
Darlene K. Gee, Councilmember
Dean Orr, Councilmember
Eve Phillips, Councilmember

City Officials

Steve Salomon, City Manager
Osa Wolff, City Attorney (Contract)
Sheri Smith, City Clerk
Paul Rankin, Finance Director
Ginger Staton, Human Resources Manager
Todd Trimble, Parks & Recreation Director
Drummond Buckley, Planning Director
Mark Nagel, Police Chief (Contract)
Larry Theis, Public Works Director

ORINDA MISSION STATEMENT

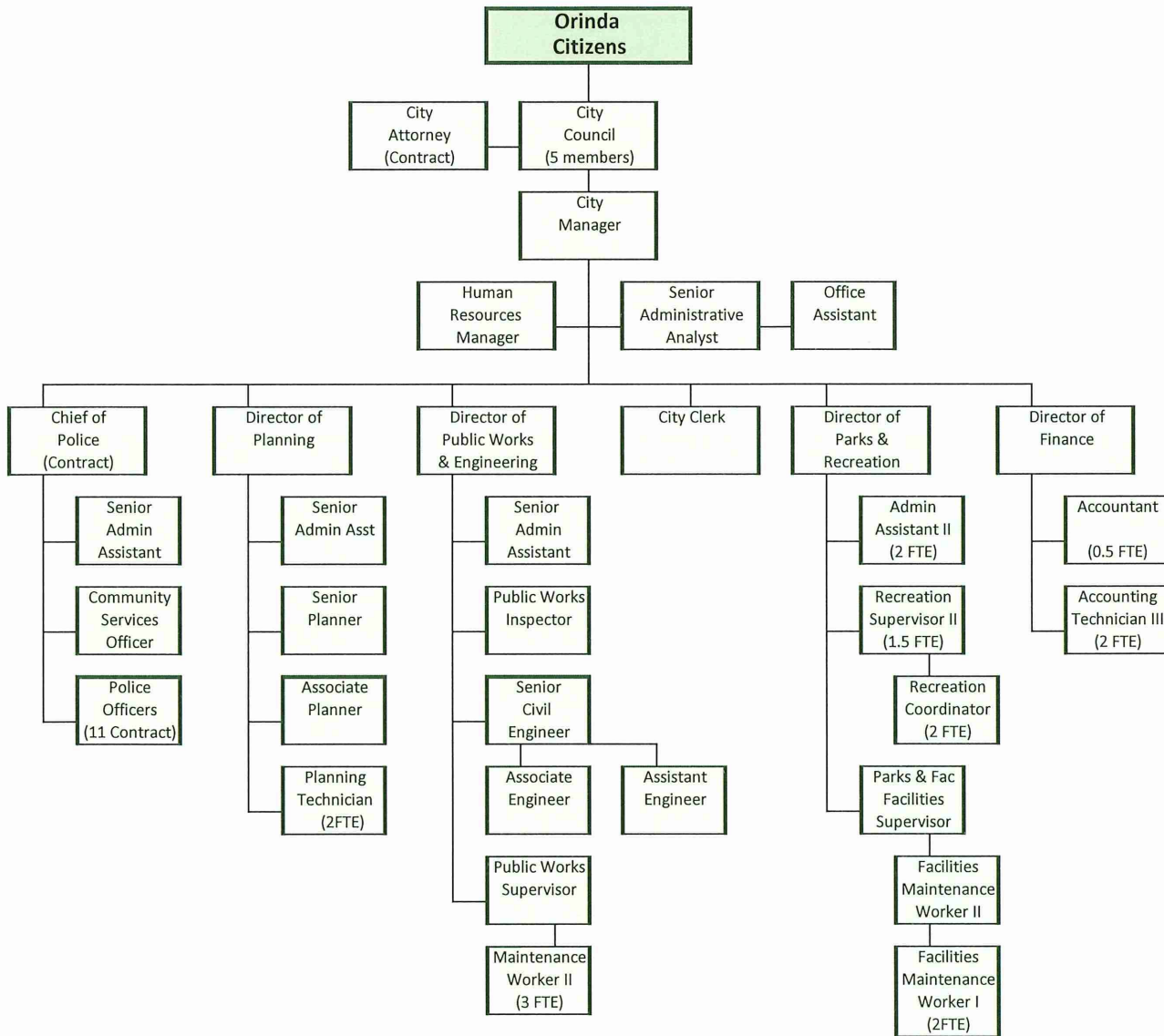
“Orinda strives to provide excellent service in a fiscally responsible manner to promote a safe, friendly and vibrant community.”



22 Orinda Way, Orinda, CA 94563 * www.cityoforinda.org * 925.253.4200



Fiscal Year 2018 Organizational Chart



FTE = Full Time Equivalent
 All positions are 1 FTE unless otherwise noted



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Orinda
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Orinda (City), California, as of and for the year ended June 30, 2018, 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 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 9B and Note 11.

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, Supplementary 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.

Supplementary 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 Supplementary 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 January 18, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
January 18, 2019

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City of Orinda
Management's Discussion and Analysis (MDA)
June 30, 2018

INTRODUCTION

As management of the City of Orinda (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year (FY) ended June 30, 2018. Please read this overview in conjunction with the letter of transmittal and the accompanying basic financial statements which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components:

- Government-wide Financial Statements - These include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the City as a whole and about the overall financial condition of the City in a manner similar to a private-sector business.
- Fund Financial Statements - These statements provide additional information about the City's major funds, including how services were financed including fund balances available for financing future projects.
- Notes to the Financial Statements - The notes provide additional detail that is essential to a full understanding of the information provided in the Government-wide and Fund Financial Statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - DESCRIPTION

These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All current year's revenues and expenses are accounted for regardless of when the cash is paid or received. These statements report the City's net position and changes to the net position during the Fiscal Year. Net position - the difference between assets and liabilities - is one way to measure the City's financial position. Over time, increases or decreases in the net position are among indicators used to assess whether the financial condition of the City is improving or deteriorating.

The Statement of Activities and Changes in Net Position presents information showing how the City's net assets for primary governmental activities have changed during the fiscal year. For the City of Orinda, governmental activities include general government, police services, public works and engineering, parks and recreation, library operations, planning, special districts, streets, and interest on bonds payable.

GOVERNMENT WIDE FINANCIAL STATEMENTS - ANALYSIS

The net position serves as an overall indicator of the City's financial position. Table 1 provides a high level summary of year to year changes in the net position.

**Table 1: SUMMARY OF NET POSITION
June 30, 2018 and 2017**

	Governmental Activities			
	June 30, 2018	June 30, 2017	\$ Change	% Change
Current and other assets	\$50,479,630	\$56,820,418	(\$6,340,788)	-11.2%
Capital assets	79,626,283	68,556,439	11,069,844	16.1%
Total Assets	130,105,913	125,376,857	4,729,056	3.8%
Current liabilities	5,810,097	5,675,441	134,656	2.4%
Noncurrent liabilities	52,014,326	53,540,335	(1,526,009)	-2.9%
Total Liabilities	57,824,423	59,215,776	(1,391,353)	-2.3%
Deferred Inflow of Resources (Related to OPEB - Note 11)	16,738	-	16,738	
Net Position:				
Invested in capital assets	52,843,727	49,771,041	3,072,686	6.2%
Restricted for:				
Capital projects	1,153,809	(626,967)	1,780,776	-284.0%
Special purpose projects	9,543,240	9,768,262	(225,022)	-2.3%
Unrestricted	8,723,981	6,870,825 *	1,853,156	27.0%
Total Net Position	\$72,264,757	\$65,783,161 *	\$6,481,596	9.9%

* as restated 6/30/2017

As illustrated in the table above, the City's net position increased by \$6.48 million (9.9%) during FY 2017-18. This is primarily due to the following:

- Total assets increased by \$4.7 million, due primarily to the additions to capital assets as the result of completion of infrastructure projects. This overall increase was partially offset by additional capital project spending resulting in a decrease in current assets of \$6.3 million. This included the expenditure of some of the bond proceeds obtained in 2017 on street improvement projects. The largest type of projects completed were street and roadway improvement projects including; various paving and road rehabilitation projects (\$10.3 million); the Miner Road emergency sinkhole repair (\$0.5 million); Oaksprings / Candlestick Drainage (\$1.3 million); BART Access Ramp (\$1 million). Also included was the North Lane drainage improvements (\$2.5 million). The increase in capital assets were partially offset by \$2.4 million in asset depreciation.
- Offsetting the assets is a decrease of \$1.39 million (-2.3%) in liabilities. Current liabilities totaled \$5.8 million which was an increase of approximately 135,000. This was primarily attributable to the increases in the current portion of long term debt. While the non-current liabilities decreased by approximately \$1.5 million reflecting the reduction in long-term COP and GO bonds outstanding after the annual debt service payments. This decrease was offset by the addition of a liability of approximately \$412,000 for Other Post-Employment Benefits (OPEB) - Retiree Medical.

- As discussed in Note 9(B) of the financial statements the June 30, 2017 net position balance was restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)*. The restatement reduced the June 30, 2017 unrestricted Net Position by \$377,920.
- The City's nearly \$52.8 million invested in capital assets represents 73.1% of total \$72.26 million reported as net position. Capital asset investments include the City's investments in land, infrastructure, buildings, and equipment. As the City uses these capital assets to provide current services to residents, the assets are not available as a resource for future spending. The change in annual capital assets reflects both the addition of capital assets (including construction in progress), less accumulated depreciation.

Table 2 provides a more detailed analysis of the changes that occurred between Fiscal Year 2017 and 2018. A comparison of the Statement of Activities is based on revenue, program expenses, and transfers. The program expenses are consolidated into six major activities. Similar to the previous Table data is provided for both the current and previous fiscal year.

**Table 2: SUMMARY OF CHANGES IN NET POSITION
June 30, 2018 and 2017**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change</u>	<u>% Change</u>
<u>Revenues:</u>				
<u>Program revenues:</u>				
Charges for services	\$6,323,620	\$5,312,203	\$1,011,417	19.0%
Operating grants and contributions	902,369	168,031	\$734,338	437.0%
Capital grants and contributions	756,620	2,904,294	(\$2,147,674)	-73.9%
<u>General revenues:</u>				
Property Tax	8,633,632	7,648,593	985,039	12.9%
Sales Tax	2,281,872	2,106,881	174,991	8.3%
Franchise Taxes	1,139,414	1,118,568	20,846	1.9%
Transfer Tax	316,381	262,260	54,121	20.6%
Transient Occupancy Tax	58,658	-	58,658	
Rent and Interest	561,504	282,691	278,813	98.6%
Other	2,403,087	290,073	2,113,014	728.4%
Total Revenues	<u>23,377,157</u>	<u>20,093,594</u>	<u>3,283,563</u>	<u>16.3%</u>
<u>Expenses:</u>				
General Government	2,336,578	2,299,303	37,275	1.6%
Police Services	4,175,273	4,102,948	72,325	1.8%
Public Works and Engineering	3,946,827	2,919,281	1,027,546	35.2%
Parks, Recreation & Library	3,997,130	3,677,620	319,510	8.7%
Planning	879,871	908,403	(28,532)	-3.1%
Interest on bonds payable	1,559,887	721,750	838,137	116.1%
Total Governmental Activities	<u>16,895,566</u>	<u>14,629,305</u>	<u>2,266,261</u>	<u>15.5%</u>
Increase In Net Position	<u>6,481,591</u>	<u>5,464,289</u>	<u>1,017,302</u>	<u>18.6%</u>
Net Position Beginning of Year	<u>65,783,161</u>	<u>60,696,792</u>	<u>5,086,369</u>	<u>8.4%</u>
Prior Year Adjustment (Note 9B)		<u>(377,920)</u>		
Net Position - End of Year	<u>72,264,752</u>	<u>65,783,161</u>	<u>6,481,591</u>	<u>9.9%</u>

As shown in Table 2 revenues from all sources totaled \$23.3 million and expenses for all city programs totaled approximately \$16.9 million in Fiscal Year 2017-18.

Revenues

Overall revenues increased by \$3.28 million or 16.3%. There was an increase in Charges for Services, operating grants and contributions as well as property and sales taxes. The largest increase was in the other revenue category which was impacted by a one-time payment from the Town of Moraga for a joint paving project being managed by the City of Orinda, as well as \$600,000 in contributions from an insurance settlement used to construct the Candlestick storm drain improvements. The increases were offset by decreases from the previous year in the categories of one-time capital grants and interest revenue. Grant revenue can fluctuate from year to year. The decrease in interest revenue was due to recording of an unrealized loss, based on market values as of June 30, 2018.

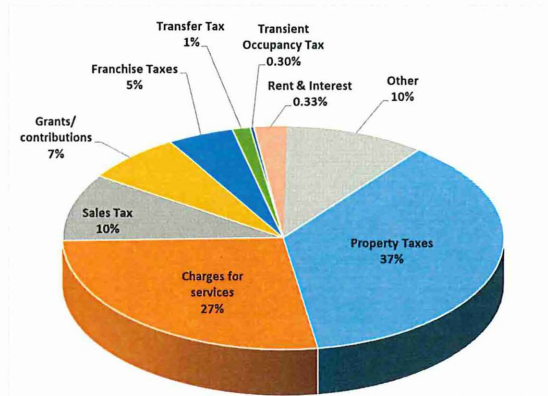
Expenditures

Overall expenditures as shown in the Statement of Activities increased by \$2.26 million. The largest factors contributing to the increase were: capital related street expenditures shown in Public Works, as well as an increase in the interest on bonds payable associated with the Roads General Obligation Bonds. Parks, Recreation, & Library also had an increase of more than 8%. Contributing factors included: installation of new carpet at the library; increased utility costs; and increased landscaping costs.

Revenues and Expenses by Category

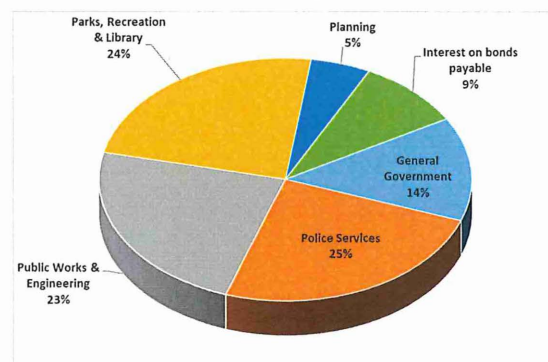
The following chart presents the Government-Wide Fiscal Year 2017-18 revenue in a pie chart format. For analysis purposes this provides a layout which graphically provides the reader with a sense of relative comparison of the different types of Revenue. Approximately 74% of the revenues come from three sources Property Taxes, Sales Tax and Charges for Services, which is comparable to the prior year results.

Government-Wide Revenue By Type



The following chart presents the Government-Wide Fiscal Year 2017-18 expenses in a pie chart format. For analysis purposes this provides a layout which graphically provides the reader with a sense of relative comparison of the different types of activities.

Government-Wide Expense By Activity



Of the \$16.9 million in expenses, 25% are attributable to Police Services; Public Works & Engineering account for 23% and Parks, Recreation, and Library account for 24% of the government wide expenses.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Orinda, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by 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, which focus on the long-term, governmental funds financial statements focus on short-term inflows and outflows of spendable resources and the balances of these resources that are available for spending. This information is useful in evaluating a government's short-term financing requirements.

To assist the user of these financial statements in understanding the differences and the relationship between the government-wide financial statements and the governmental funds financial statements, reconciliations between the two sets of statements have been included in this report.

The City of Orinda maintains numerous individual governmental funds that, for financial reporting, are grouped according to their type (general fund, special revenue, capital projects, and debt service). In accordance with accounting standards, Major Funds are determined based on their relative size when measured among Governmental Funds. The examination compares expenditures, assets, liabilities, and revenues. Management may also include as Major Funds, those funds that are deemed of importance to the users of the financial statements. All Major Funds are reported separately in the governmental funds statements. The criteria for defining a Major Fund can result in differences in the funds identified from one year to the next. All other funds are grouped together for reporting purposes (Other governmental funds).

Major funds for the City of Orinda as of June 30, 2018 are:

- General Fund;
- City Capital Projects;
- Community Facilities Maintenance;
- Contra Costa Transportation Authority (CCTA);
- General Obligation Road Bonds 2014; and
- General Obligation Road Bonds 2016.
- Other Governmental Funds (Note: Individual fund data for each non-major governmental fund is provided in combining statements included in the Combining Financial Statements and Other Supplementary Information section of this report).

FINANCIAL HIGHLIGHTS GOVERNMENTAL FUNDS

The following Table summarizes the activity in the Governmental Funds displaying at a high level of the revenues, expenditures and change in fund balances. Information is presented separately for each of the Major Funds and a consolidated number is presented for all other governmental funds.

As part of the overall CAFR the City has also provided information on individual funds later in the report. The total net change in fund balance for all Governmental Funds was a decrease of approximately \$6 million. An analysis of the factors contributing to the change is discussed following Table 3.

TABLE 3: SUMMARY GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	City Capital Projects	Community Facilities Maint.	CCTA	2014 Road Bonds	2016 Road Bonds	Other Governmental Funds	TOTAL Governmental Funds
Revenues	<u>14,898,308</u>	<u>1,831,861</u>	<u>10,164</u>	<u>264,753</u>	<u>370,614</u>	<u>434,819</u>	<u>5,558,760</u>	<u>23,369,279</u>
Current Expenditures	11,247,186	183,480	0	10,215	5,033	157,400	1,378,711	12,982,025
Capital outlay	78,288	596,610		480,130	7,140,866	2,340,929	2,835,655	13,472,478
Debt service	606,193						2,341,078	2,947,271
Total expenditures	<u>11,931,667</u>	<u>780,090</u>	<u>0</u>	<u>490,345</u>	<u>7,145,899</u>	<u>2,498,329</u>	<u>6,555,444</u>	<u>29,401,774</u>
Net transfers	(938,948)	1,400,000					(229,657)	231,395
Net change in fund balances	<u>2,027,693</u>	<u>2,451,771</u>	<u>10,164</u>	<u>(225,592)</u>	<u>(6,775,285)</u>	<u>(2,063,510)</u>	<u>(1,226,341)</u>	<u>(5,801,100)</u>
Fund balances, beginning of year	<u>6,938,615</u>	<u>(729,265)</u>	<u>1,512,976</u>	<u>277,726</u>	<u>10,151,818</u>	<u>24,206,460</u>	<u>9,537,083</u>	<u>51,895,413</u>
Fund balances, end of year	<u>8,966,308</u>	<u>1,722,506</u>	<u>1,523,140</u>	<u>52,134</u>	<u>3,376,533</u>	<u>22,142,950</u>	<u>8,310,742</u>	<u>46,094,313</u>

General Fund

The General Fund is the principal operating fund and represents the most significant portion of Governmental Fund revenues and expenditures (64% of governmental revenue and 41% of expenditures). As of June 30, 2018, the fund balance was \$8.9 million which was an increase of \$2 million from the \$6.9 million at the beginning of the year (As noted the beginning balance was adjusted as described in Note 9D). The General Fund also includes general fund “Add-On Sales Tax” revenue approved by the voters in November 2012 (Operative April 1, 2013). The use of the special add-on sales tax has been appropriated by the City Council to fund street and storm drain projects, however there were no expenditures during fiscal year 2017-18. Of the \$2 million net change in General fund balance the add-on sales tax contributed approximately \$1.2 million. The add-on sales tax is programmed in the adopted capital improvement program to fund future roadway and drainage projects. A separate schedule detailing the combining of these funds is included as part of the Other Supplementary Information.

Capital Projects Fund

The expenditures in this fund represented 3% of the total expenditures in Governmental Funds. The expenses were related to response and clean-up of storm damage caused by weather related storm events in January and February of 2017. The most significant expense was related to a project to repair a sinkhole that occurred in early 2017 on a collector road. The 2017-18 expenses were approximately \$500,000. The costs of this project have been paid for by City reserves and the City submitted claims to the Federal and State government for disaster recovery, however, the timing and extent of reimbursement will depend on factors outside the City’s control. In addition to the sinkhole project the City expended approximately \$141,000 on various small drainage improvement projects and \$130,000 on the Town of Moraga Joint Paving Project, for which the City was reimbursed.

Community Facilities Maintenance

This fund holds monies received in 2006 that were a requirement of the Wilder (Gateway) Development Agreement. The funds were referred to as a Community Facilities Maintenance Endowment, for the purpose of funding operations and maintenance of Community Facilities. The revenue reflects interest earnings. Expenditures are approved by the City Council. As of June 30, 2018 the balance in this fund was approximately \$1.5 million. The adopted capital improvement program plans to expend these funds on future capital improvements at Wilder Park.

Contra Costa Transportation Authority (CCTA)

This fund accounts for monies distributed by CCTA to local cities for street improvement projects. CCTA administers a special one-half cent sales tax levied to support a county-wide transportation improvement plan. The City receives both project specific revenue and distributions that are made based on a formula using population and road network miles. This fund accounted for 1% of governmental revenues and 2%

of expenditures. The fund balance was reduced by approximately \$226,000. This was the result of road improvement and project expenditures being made from funds collected in previous years. The balance was also impacted due to a delay by CCTA in the timing of its distribution of "Return To Source" local share of the tax revenue, resulting in less revenue collected in Fiscal Year 2017-18.

2014 General Obligation Road Bonds

In 2014 the voters approved a general obligation property tax for up to \$20 million for residential roadway improvements. The first \$10 million of the authorized bonds was issued in 2015 and the second \$10 million was issued in April of 2017. This fund accounted for 24% of the total expenditures in governmental funds. The expenditures are made as part of an overall road improvement plan which utilizes funding from multiple sources.

2016 General Obligation Road Bonds

In 2016 the voters approved a general obligation property tax for up to \$25 million to complete residential roadway improvements. In April 2017, the full \$25 million of authorized bonds was issued. The fund accounted for only 8% of the total expenditures in governmental funds. The expenditures are made as part of an overall road improvement plan which utilizes funding from multiple sources.

Other Governmental Funds

As noted earlier this information aggregates financial results from several funds. As of June 30, 2018 the combined fund balance was approximately \$8.3 million. These funds represented 24% of the total governmental fund revenues and 22% of the expenditures. There was a net decrease in fund balance of \$1.4 million. The most significant contributing factors included expenditures from the Road Stabilization Fund to complete a drainage improvement project on Candlestick; completion of the BART Access Ramp project; and a change in fund balance in the GO Bond debt service funds as bond premiums were used for debt service payments.

Proprietary Fund

The City maintains one type of Proprietary fund. An Internal Services Fund (ISF) is an accounting structure used to accumulate and allocate costs internally among the City's various operating functions. The City has four ISF funds to address: Information Systems, Building Maintenance, Vehicle Replacement, and Risk Management. These services solely benefit the government function. Total assets in these funds was approximately \$1.3 million as of June 30, 2018. This was approximately \$135,000 less than was reported for the same funds in the previous year. The primary factor was a reduction in the Risk Management balance due to the finalization of a legal settlement funded in prior years. A separate Statement of Net Position and Statement of Cash Flow is included for each of the ISF funds.

Fiduciary / Agency Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting 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 City utilizes Agency funds to record assets associated with the Oaksprings Assessment District Debt Service and for Planning and Engineering Deposits. These assets are fully offset by a liability and no further analysis is presented.

GENERAL FUND BUDGETARY HIGHLIGHTS

A summary of the budgetary comparison schedule for the General Fund is shown in Table 5 below. The complete schedule which includes additional detail, as required, is included in the supplementary information following the notes to the financial statements.

**TABLE 4: SUMMARY GENERAL FUND BUDGETARY COMPARISON
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget</u>
<u>Resources:</u>				
Revenues	\$14,033,937	\$14,077,037	\$14,898,308	\$821,271
Transfers In	\$0	\$225,910	\$850,000	\$624,090
Total Resources	14,033,937	14,302,947	15,748,308	1,445,361
<u>Appropriations</u>				
Expenditures	13,212,900	13,907,417	11,931,667	(\$1,975,750)
Transfers Out	295,000	1,757,550	1,788,948	\$31,398
Total Appropriations	13,507,900	15,664,967	13,720,615	(1,944,352)
Appropriations (over) resources	526,037	(1,362,020)	2,027,693	3,389,713
Fund balance beginning of year (as adjusted see Note 9D)			6,938,615	
Fund balance end of year			8,966,308	

Overall the total General Fund Revenue was 5.8% above the final budget, with some revenues exceeding the estimate while others were less than the budget. The primary contributing factors contributing to the variance included: Increased property and sales taxes; increased recreation class fees; and increased planning and building fees. It should be noted that the interest revenue budget was not achieved as a result of an unrealized loss recorded in the financial statements. In accordance with GASB pronouncements, the City recorded an unrealized negative adjustment to interest revenue of approximately \$198,191, in order to reflect the book value of investments held by the City. As noted the City did not actually sell any of these investments and it is the City's intent to hold them to maturity. Expenditures were approximately \$1.9 million less than the amount budgeted. The major factor which contributed to this was that the adopted budget anticipated project expenditures associated with the "add-on sales tax". The project schedule was revised and the expenditures will not occur until next year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 5 to the financial statements. The City's capital assets for governmental activities as of June 30, 2018 amounted to \$79.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and bridges, and work in progress. A comparison to the previous year is presented in Table 5 below:

TABLE 5: CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change</u>	<u>% Change</u>
Land	1,453,434	1,453,434	-	0.0%
Parkland and improvements	1,295,205	1,295,205	-	0.0%
Work in progress	14,224,101	17,947,584	(3,723,483)	-20.7%
Buildings, grounds and improvements	27,682,625	27,682,625	0	0.0%
Furniture and equipment	2,199,759	2,060,775	138,984	6.7%
Infrastructure	106,542,923	89,509,858	17,033,065	19.0%
Subtotal	153,398,047	139,949,481	13,448,566	9.6%
Less: Accumulated depreciation	73,771,764	71,393,042	2,378,722	3.3%
Total Net of Depreciation	79,626,283	68,556,439	11,069,844	16.1%

Major capital asset additions during FY 2017-18 included:

- 2017 Annual Paving Rehabilitation (Projects 4114 and 4115) \$ 9,032,038
- 2018 Measure J & L Pavement Rehabilitation \$1,271,970
- Candlestick / Oaksprings Drainage Improvement \$1,348,418
- Minor Road Sinkhole \$503,670
- BART Access Ramps \$1,044,198

As shown in Table 5 the combined total net change was approximately \$11 million. As noted in the list above many of the projects were street improvements and were either fully completed or remained as work in progress as of June 30, 2018.

Debt Administration

As of June 30, 2018 the total balance outstanding was approximately \$53.2 million. Approximately 86% of this balance is attributable to voter approved General Obligation Bonds issued to fund road and drainage projects. The combined balance outstanding decreased by \$1.4 million from the prior year. At June 30, 2018, the City had total long-term debts and obligations as summarized in Table 6 below.

TABLE 6: OUTSTANDING LONG-TERM OBLIGATIONS

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>\$ Change</u>
2015 Refunding COP (City Hall)	7,551,763	7,862,382	(310,619)
2014 GO Bond Series A	8,002,442	8,939,244	(936,802)
2014 GO Bond Series B	10,575,936	10,606,248	(30,312)
2016 GO Bond Series A	27,083,376	27,193,027	(109,651)
TOTAL	53,213,517	54,600,901	(1,387,384)

General obligation (GO) bonds are debt instruments issued by City to raise funds for public works. The source of repayment is a special additional ad valorem property tax that is levied solely to address the outstanding debt. The Certificate of Participation (COP) is a lease financing transaction that was entered into to pay for the cost of City Hall. The current obligation represents the refunding of an earlier transaction. Significant details related to outstanding debt can also be found in Note 8 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City of Orinda is responsible for providing important and essential services required by its citizens. The City’s ability to provide high level of services to its citizens is dependent upon a balancing expenditure growth with what is occurring to City revenue.

The City has been challenged by needing to advance reserve funds to address damage caused by the early 2017 storms. Due to the geologic terrain in the City and weather conditions it is prudent for the City to prepare for future unplanned events. The policy of the City is to strive to maintain minimum General Fund reserves equal to \$5 million plus 20% of General Fund Revenue in excess of \$10 million. Although the City has met that requirement it will be looking to the adequacy of the reserves to provide both cash flow as well as emergency reserves. The City also recognizes the need to examine revenue opportunities given that the primary revenue base has not always kept pace with expenditures.

The local economic health is tied to the regional, State and the Nation’s economy. The challenge is that the City receives a small percentage of property tax and the retail / commercial land uses are vastly outnumbered by residential properties. Non-residential properties offer an opportunity for a City to diversify its tax base beyond just the property tax.

The City adopts a two-year budget and Fiscal Year 2018-2019 is the second year of the Budget cycle. The General Fund is balanced, and as part of the adoption changes were made to reduce staffing based on vacancies and reviewing services. With the upcoming two year Budget cycle, it will be important to monitor additional trends. The current Memorandum Of Understanding (MOU) with represented employees and established salaries for unrepresented employee policies continues through June 30, 2019. A significant focus for spending in the near term will be one-time capital project efforts, especially those with a dedicated source of funding such as the General Obligation bonds. In terms of operations, the City must be prudent to avoid establishing on-going operating costs that cannot be sustained in the long term. In June of 2018, the City Council adopted a Mid-Cycle Update to the Two Year Budget for Fiscal Year 2018-19 which can be viewed on the City website at www.cityoforinda.org.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for addition financial information should be directed to:

City of Orinda Finance Department
22 Orinda Way
Orinda, CA 94563
(925) 253-4220

Basic Financial Statements

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

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Position reports the difference between the City's total assets 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 assets, by subtracting total liabilities from total assets.

The Statement of Net Position summarizes the financial position of all the City's Governmental Activities.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds primarily, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances.

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.

The format of the Statement of Activities presents the City's expenses first, listed by program. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental. The City's general revenues are then listed in the Governmental Activities as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

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CITY OF ORINDA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
ASSETS	
Current Assets:	
Cash, cash equivalents and investments (Note 3)	\$18,364,632
Restricted cash (Note 3)	29,573,563
Accounts receivable (Note 4)	2,282,492
Interest receivable	91,905
Prepaid items and deposits	167,038
Total current assets	50,479,630
Noncurrent Assets:	
Capital assets not being depreciated (Note 5):	
Land	1,453,434
Parkland and improvements	1,295,205
Work in progress	14,224,101
Capital assets, net of accumulated depreciation (Note 5):	
Buildings, grounds and improvements	16,896,230
Furniture and equipment	655,966
Infrastructure	45,101,347
Total noncurrent assets	79,626,283
Total assets	130,105,913
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities (Note 6)	3,566,366
Interest payable	344,228
Unearned revenue	30,000
Current portion of long-term debt (Note 8)	1,812,421
Current portion of accrued compensated absences (Note 1)	50,316
Planning and engineering deposits	6,766
Total current liabilities	5,810,097
Noncurrent Liabilities:	
Long-term debt (Note 8):	
COP payable, due in more than one year	7,231,144
GO Bonds, due in more than one year	44,169,952
Long-term portion of accrued compensated absences (Note 1)	201,265
Total OPEB liability (Note 11)	411,965
Total noncurrent liabilities	52,014,326
Total liabilities	57,824,423
DEFERRED INFLOW OF RESOURCES	
Related to OPEB (Note 11)	16,738
NET POSITION (Note 9)	
Net investment in capital assets	52,843,727
Restricted for:	
Capital projects	1,153,804
Special purpose projects	9,543,240
Unrestricted	8,723,981
Total net position	\$72,264,752

See accompanying notes to financial statements

CITY OF ORINDA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
<i>Governmental Activities:</i>					
General government	\$2,336,578				(\$2,336,578)
Police services	4,175,273	\$160,729			(4,014,544)
Public works and engineering	3,946,827	1,662,106	\$902,369	\$756,620	(625,732)
Parks, recreation and library	3,997,130	3,262,864			(734,266)
Planning	879,871	1,237,921			358,050
Interest on bonds payable	1,559,887				(1,559,887)
Total primary government	\$16,895,566	\$6,323,620	\$902,369	\$756,620	(8,912,957)
		Property taxes			8,633,632
		Sales taxes			2,281,872
		Franchise taxes			1,139,414
		Transfer tax			316,381
		Transient Occupancy Tax			58,658
		Interest income			561,504
		Miscellaneous			2,403,087
		Total general revenues			15,394,548
		Change in net position			6,481,591
		Net position - beginning, as adjusted, (Note 9B)			65,783,161
		Net position - ending			\$72,264,752

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City for fiscal year 2018. Individual other governmental funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY CAPITAL PROJECTS FUND

This fund accounts for transfers from the General Fund and expenditures related to infrastructure improvements. In Fiscal Year 2017-18 the fund also accounted for a joint paving project funded by the Town of Moraga.

COMMUNITY FACILITIES MAINTENANCE FUND

This fund accounts for investment earnings and the costs associated with the operations and maintenance of the Wilder Community Facilities.

CCTA (CONTRA COSTA TRANSPORTATION AUTHORITY) FUND

This fund accounts for the voter approved transportation sales tax used for voter approved transportation programs and projects as administered by the Contra Costa Transportation Authority.

ROAD BONDS 2014 CAPITAL PROJECTS FUND

This fund accounts for costs associated with repair, restoration and upgrade of the City's roads and drains funded by the 2014 General Obligation Bonds.

ROAD BONDS 2016 CAPITAL PROJECTS FUND

This fund accounts for costs associates with repair, restoration and upgrade of the City's roads and drains funded by the 2016 General Obligation Bonds.

CITY OF ORINDA
 GOVERNMENTAL FUNDS
 BALANCE SHEET
 JUNE 30, 2018

	Major Funds		
	General Fund	City Capital Projects Fund	Community Facilities Maintenance
<u>ASSETS</u>			
Cash, cash equivalents and investments (Note 3)	\$9,508,346	1,608,854	\$1,521,922
Restricted cash (Note 3)			
Accounts receivable (Note 4)	1,471,634	155,487	
Interest receivable	62,557		1,218
Prepaid items and deposits	49,122		
Due from other funds	189,641		
	\$11,281,300	1,764,341	\$1,523,140
Total assets	\$11,281,300	1,764,341	\$1,523,140
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable and accrued liabilities (Note 6)	\$2,030,602	\$41,835	
Other current liabilities	247,624		
Unearned revenue	30,000		
Due to other funds			
Planning and engineering deposits	6,766		
	2,314,992	41,835	
Total Liabilities	2,314,992	41,835	
Fund balances (Note 9):			
Nonspendable	49,122		
Restricted		949,259	\$1,523,140
Assigned	1,895,656		
Committed	5,586,807	773,247	
Unassigned	1,434,723		
	8,966,308	1,722,506	1,523,140
Total fund balances	8,966,308	1,722,506	1,523,140
Total liabilities and fund balance	\$11,281,300	1,764,341	\$1,523,140

See accompanying notes to financial statements

Major Funds

CCTA	Road Bonds 2014	Road Bonds 2016	Other Governmental Funds	Total
\$57,193			\$4,890,823	\$17,587,138
	\$4,181,413	\$22,249,548	3,142,602	29,573,563
	96,690		558,681	2,282,492
44	3,283	17,559	6,139	90,800
		227	109,167	158,516
				189,641
<u>\$57,237</u>	<u>\$4,281,386</u>	<u>\$22,267,334</u>	<u>\$8,707,412</u>	<u>\$49,882,150</u>
\$5,103	\$904,853	\$119,878	\$207,029	\$3,309,300
		4,506		252,130
				30,000
			189,641	189,641
				6,766
<u>5,103</u>	<u>904,853</u>	<u>124,384</u>	<u>396,670</u>	<u>3,787,837</u>
52,134	3,376,533	22,142,950	109,123	158,245
			8,005,701	36,049,717
				1,895,656
			195,918	6,555,972
				1,434,723
<u>52,134</u>	<u>3,376,533</u>	<u>22,142,950</u>	<u>8,310,742</u>	<u>46,094,313</u>
<u>\$57,237</u>	<u>\$4,281,386</u>	<u>\$22,267,334</u>	<u>\$8,707,412</u>	<u>\$49,882,150</u>

CITY OF ORINDA
 Reconciliation of the
 GOVERNMENTAL FUNDS - BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2018

Fund balances of governmental funds	\$46,094,313
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Amounts reported for governmental activities in the statement of net position are different because:

CAPITAL ASSETS

Capital assets have not been included in as financial resources in governmental fund activity:

Capital assets, non depreciable	16,972,740
Capital assets, depreciated, net	62,098,445

LONG-TERM ASSETS, DEFERRED INFLOW AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Bonds payable	(53,213,517)
Compensated absences	(251,581)
Interest payable	(344,228)
Net OPEB liability and related deferred inflow of resources	(428,703)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.

1,337,283

Net position of governmental activities

\$72,264,752

See accompanying notes to financial statements

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CITY OF ORINDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds		
	General Fund	City Capital Projects Fund	Community Facilities Maintenance
Revenues			
Taxes			
Property tax and assessments	\$6,932,608		
Sales tax	2,281,872		
Franchise tax	1,139,414		
Transient Occupancy Tax	58,658		
Property transfer tax	316,381		
Use of money and properties	(53,338)		\$10,164
Recreation fees			
Recreation class fees	1,623,004		
OYA sports fees	251,534		
Sports fields rentals	516,063		
Other	193,518		
Service fees			
Vehicle fees and parking fines	110,859		
NPDES			
Building inspection	707,448		
Planning	530,473		
Public works and engineering	131,434		
Police	21,313		
Other agencies			
Federal		\$460,393	
State and local		126,607	
Gasoline taxes			
Homeowners tax reimbursement	32,800		
CCTA return to source			
Development impact fees			
Miscellaneous	104,267	1,244,861	
Total Revenues	\$14,898,308	1,831,861	10,164
Expenditures			
Current:			
City management	469,856		
City attorney	349,182		
City clerk	259,615		
Administrative services	831,529		
Parks and recreation	2,901,696		
Public works and engineering	1,518,182		
Police services	3,967,177		
Planning	909,978		
Capital improvements		183,480	
Lighting and landscaping district			
Library operations	39,971		
Capital outlay	78,288	596,610	
Debt Service:			
Interest and fiscal charges	306,193		
Principal	300,000		
Total Expenditures	11,931,667	780,090	
Excess (deficiency) of revenues over expenditures	2,966,641	1,051,771	10,164
Other financing sources (uses):			
Transfers in (Note 7)	850,000	1,750,000	
Transfers out (Note 7)	(1,788,948)	(350,000)	
Total other financing sources (uses)	(938,948)	1,400,000	
Net changes in fund balance	2,027,693	2,451,771	10,164
Fund balance - beginning of year	6,938,615	(729,265)	1,512,976
Fund balance - end of year	\$8,966,308	\$1,722,506	\$1,523,140

See accompanying notes to financial statements

Major Funds

CCTA	Road Bonds 2014	Road Bonds 2016	Nonmajor Governmental Funds	Total Governmental Funds
			\$2,435,458	\$9,368,066
				2,281,872
				1,139,414
				58,658
				316,381
\$1,326	\$113,647	\$434,819	47,008	553,626
				1,623,004
				251,534
				516,063
				193,518
				110,859
			354,538	354,538
				707,448
				530,473
				131,434
			139,416	160,729
				460,393
			664,903	791,510
			461,358	461,358
				32,800
263,427				263,427
			659,087	659,087
	256,967		796,992	2,403,087
264,753	370,614	434,819	5,558,760	23,369,279
				469,856
				349,182
				259,615
				831,529
10,215			35,900	2,947,811
	5,033	157,400	380,541	2,061,156
			229,648	4,196,825
			1,183	911,161
				183,480
			331,063	331,063
			400,376	440,347
480,130	7,140,866	2,340,929	2,835,655	13,472,478
			1,421,078	1,727,271
			920,000	1,220,000
490,345	7,145,899	2,498,329	6,555,444	29,401,774
(225,592)	(6,775,285)	(2,063,510)	(996,684)	(6,032,495)
			270,343	2,870,343
			(500,000)	(2,638,948)
			(229,657)	231,395
(225,592)	(6,775,285)	(2,063,510)	(1,226,341)	(5,801,100)
277,726	10,151,818	24,206,460	9,537,083	51,895,413
\$52,134	\$3,376,533	\$22,142,950	\$8,310,742	\$46,094,313

CITY OF ORINDA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2018

Changes in fund balances of governmental funds (\$5,801,100)

Amounts reported for governmental activities in the statement of activities are different because:

CAPITAL ASSETS TRANSACTIONS

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net position decrease by the amount of depreciation expense charged for the year.

Capital asset additions	13,410,450
Depreciation expense	(2,304,439)

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 the repayment reduces long-term liabilities in the statement of net position.

Repayment of debt principal	1,220,000
Amortization of bond premium	167,384

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 of expenditures in governmental funds (net change).

Compensated absences	(18,012)
Total OPEB Liabilities and related deferred inflow of resources	(50,783)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.

(141,909)

Changes in net position of governmental activities	<u><u>\$6,481,591</u></u>
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See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

Proprietary funds recognize operating revenues and expenses separately from nonoperating items. The internal service funds are the City's only proprietary funds, and include charges to the City's other funds for services as operating revenue. Operating expenses include items such as depreciation on capital assets, administrative expenses, and insurance as operating expenses. All other revenues and expenses not meeting these definitions are reported as nonoperating items.

CITY OF ORINDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

ASSETS

	Total Internal Service Funds
Current Assets:	
Cash, cash equivalents and investments (Note 3)	\$777,494
Interest receivable	1,105
Prepaid items and deposits	8,522
Non-Current Assets	
Property and equipment net of accumulated depreciation (Note 5)	555,098
Total Assets	1,342,219

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable (Note 6)	4,124
Accrued payroll	812
Total Liabilities	4,936
Net Position (Note 9):	
Investments in capital assets	555,098
Unrestricted	782,185
Total Net Position	\$1,337,283

See accompanying notes to financial statements

CITY OF ORINDA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Total Internal Service Funds
Operating revenues	
Charges for services	\$777,191
Other	29,736
Total operating revenues	806,927
Operating expenses	
Salaries and wages	111,860
Contract services	82,873
Services and supplies	159,111
Special department expenses	255,156
Depreciation	135,369
Total operating expenses	744,369
Operating income (loss)	62,558
Non-operating revenues	
Investment income	7,878
Gain on disposal of capital asset	19,050
Total non-operating revenues	26,928
Income (loss) before transfers	89,486
Transfers:	
Transfers out	(231,395)
Change in net position	(141,909)
Net position at beginning of year	1,479,192
Net position at end of year	\$1,337,283

See accompanying notes to financial statements

CITY OF ORINDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30,2018

	<u>Total Internal Service Funds</u>
Cash flows from operating activities:	
Cash received from department users	\$806,927
Cash payments to suppliers of goods and services	(242,526)
Cash payments to employees for services	<u>(361,965)</u>
Net cash provided by (used for) operating activities	<u>202,436</u>
Cash flows from noncapital financing	
Transfers out	<u>(231,395)</u>
Cash flows from capital and related financing activities:	
(Acquisition) of capital assets	(100,066)
Proceeds from sale of capital assets	<u>19,050</u>
Net cash (used for) capital and related financing activities	<u>(81,016)</u>
Cash flows from investing activities:	
Interest received on investments	<u>8,257</u>
Net cash provided by investing activities	<u>8,257</u>
Net (decrease) in cash and cash equivalents	(101,718)
Cash and cash equivalents at beginning of year	<u>879,212</u>
Cash and cash equivalents at end of year	<u><u>\$777,494</u></u>
Reconciliation of operating income to net cash flows provided by operating activities:	
Operating income (loss)	\$62,558
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	135,369
(Increase) in prepaid items	7,436
(Decrease) in accounts payable	(2,278)
(Decrease) in accrued expenses	(521)
(Decrease) in accrued payroll	<u>(128)</u>
Net cash provided by (used for) operating activities	<u><u>\$202,436</u></u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

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

CITY OF ORINDA
AGENCY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS

Cash, cash equivalents and investments (Note 3)	\$2,701,892
Accounts receivable	165,853
Interest receivable	<u>467</u>
Total assets	<u><u>\$2,868,212</u></u>

LIABILITIES

Accounts payable and accrued expenses	\$95,689
Deposits	2,201,636
Due to bondholders	<u>570,887</u>
Total Liabilities	<u><u>\$2,868,212</u></u>

See accompanying notes to financial statements

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Orinda have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as it applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. *Financial Reporting Entity*

The financial statements of the City of Orinda (the "City") include all the City's financial activities over which the City Council exercises oversight responsibility. Oversight responsibility is determined on the basis of budget adoption, taxing authority, funding and appointment of the governing board (i.e., - all funds and entities for which the City Council is financially accountable).

B. *Basis of Presentation*

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, debt issuance and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for services. The City has no business-type activities as of June 30, 2018.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary (business type), and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered *major* if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The funds of the financial reporting entity are described below:

Governmental funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes. Most Special Revenue Funds of the City are categorized as "Nonmajor Special Revenue Funds" since they do not meet the criteria individually as a major fund. For the fiscal year ended June 30, 2018, the Community Facilities Maintenance and CCTA (Contra Costa Transportation Authority) Special Revenue Funds are considered major funds.

Capital Project Funds

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes six Capital Project Funds which are used to account for the acquisition of capital assets with transfers made from the General Fund and other fund sources. The City Capital Projects, Road Bonds 2014 and Road Bonds 2016 are considered major funds for the fiscal year ended June 30, 2018.

Debt Service Funds

Debt service funds are used to account for the collection of tax proceeds and the payment of debt services.

Proprietary funds

Enterprise (Business-Type) Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The City has no enterprise funds.

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost reimbursement basis. These funds are rolled into the governmental activities for the government-wide statements of net position and activities. The City uses these funds to account for the costs associated with information systems, building maintenance, vehicle replacement and risk management.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary funds (not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of the results of operations. The City includes three agency funds as follows:

- Oaksprings Assessment District - The Oaksprings Assessment District was established to collect assessments and pay the holders of the debt instruments as payments become due. The Oaksprings AD bonds were refinanced in 2004. These bonds are not the debt of the City. As such, the amounts are not included in the governmental funds of the City.
- Planning and Engineering Deposits – to account for deposits from developers and held until completion of the project.

Major and non-major funds

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General Fund	Primary operating fund of the City
City Capital Projects Fund	Accounts for transfers from the General Fund and Expenditures related to infrastructure improvements
Community Facilities Maintenance	Accounts for investment earnings and the costs associated with developer provided endowment for the operations and maintenance of the Wilder Community Facilities
CCTA (Contra Costa Transportation Authority)	Accounts for the voter approved transportation sales tax used for voter approved transportation programs and projects as administered by the Contra Costa Transportation Authority
2014 Road Bonds Capital Projects	Accounts for costs associated with repair, restoration and upgrade of the City’s roads and drains funded by the 2014 General Obligation Bonds.
2016 Road Bonds Capital Projects	Accounts for costs associated with repair restoration and upgrade of the City’s roads and drains funded by the 2016 General Obligation Bonds.
<i>Non-Major:</i>	
Special Revenue Funds:	Used to account for proceeds of specific sources that are restricted for expenditures for specific purposes
Debt Service Fund	Used to pay debt service commitments
Capital Projects Funds	Used to account for specific capital improvements

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the current financial resources measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a *current financial resources* measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund (business-type utilize) an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. *The City has four internal service funds which are included in the Government-wide Statements. The City has no enterprise funds.*
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of accounting

Government-Wide Financial Statements

These basic financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents 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.

Certain types of transactions are reported as program revenues for the City in three categories:

- ❖ Charges for services
- ❖ Operating grants and contributions
- ❖ Capital grants and contributions

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain eliminations have been made in regards to interfund activities, payables and receivables. 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 primary government column. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities would not be eliminated. The following interfund activities have been eliminated:

- ❖ Due to/from other funds
- ❖ Advances to/from other funds
- ❖ Transfers in/out

The City applies all applicable GASB pronouncements for certain accounting and financial reporting guidance.

Governmental Fund Financial Statements

Governmental fund financial statements included a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis for accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. 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 fund balance. 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.

Revenues are recorded when received in cash, except that revenues subject to modified accrual are recognized when due. The primary revenue sources accrued by the City are property tax, sales tax, franchise taxes, special assessments, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset is used.

D. Assets, Liabilities, and Equity

Cash and investments

For the purpose of the Statement of Net Position, cash and cash equivalents includes all cash accounts, savings accounts, certificates of deposits of the City, and the investment in the State of California fund called the Local Agency Investment Fund (LAIF) which is available for immediate withdrawal. For the purpose of the proprietary fund Statement of Cash Flows, cash and cash equivalents include all demand and savings accounts, investment in LAIF, and certificates of deposit or short-term investments with an original maturity of three months or less. Restricted cash is not considered a cash equivalent.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as due to/from other funds. Short-term interfund loans are reported as interfund receivables and payables. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances in the government-wide and fund receivable balances in the fund financial statements are substantially the same for the City.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, transfer tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets for which cost was not available.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Type	Useful Life (years)
Land, easements, and right of way	N/A
Building, grounds and improvements	10-39
Infrastructure	15-80
Equipment and furniture	3-15

The City policy has set the capitalization threshold for reporting capital assets at \$5,000 and estimated useful lives in excess of three years, for general capital assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Restricted assets

Restricted assets include cash and investments that are legally restricted as to their use.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the governmental-wide fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of a Certificate of Participation payable (COP) and a General Obligation bond.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for a proprietary fund is the same in the fund statements as it is in the government-wide statements.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

The City's policies regarding paid time off permit employees to accumulate earned but unused general leave. The liability for these compensated absences is recorded as noncurrent liabilities in the government-wide statements. Compensated absences are liquidated primarily by the General Fund.

The changes in compensated absences were as follows:

<u>Balance as of June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance as of June 30, 2018</u>	<u>Current Portion</u>
\$233,569	\$97,050	\$79,038	\$251,581	\$50,316

E. Fair value measurements

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

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

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

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

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

F. Use of Estimates

The preparation of the 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.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Revenues, Expenditures, and Expenses

Property tax and assessments

State of California ("State") Constitution Article XIII provides for a maximum general property tax rate statewide of \$1.00 per \$100 of assessed value. Assessed value is calculated at 100% of market value as defined by Article XIII. The State Legislature has determined the method of distribution of receipts from the \$1.00 levy among the counties, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter approved debt service. The county uses the following calendar to assess properties, and to bill for, collect, and distribute property taxes.

	Secured	Unsecured
Lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 April 10	August 31

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Secured taxes are secured by liens on the property being taxed.

The City is part of the Teeter Plan. The Teeter Plan allows California counties to finance property tax receipts for local agencies by borrowing money to advance cash to each taxing jurisdiction (including the city) in an amount equal to the current year's delinquent property taxes. In exchange, the counties receive the penalties and interest on the delinquent taxes when collected.

Sales tax

The sales tax levied in the city of Orinda is 8.75% of taxable sales within the City of which 1.5% is allocated to the City. The sales tax is collected by the State and remitted to the City in the month following receipt. The State makes advances based on estimates with quarterly settlements since the City receives the sales tax approximately one to three months after collection by vendors. Sales taxes collected by the State in June and July (which represent sales for May and June) and received by the City in July and August have been accrued and are included under the caption "Accounts Receivable". The 8.75% sales tax includes some transportation funds which are allocated to the City pursuant to street/pavement needs as approved by the Contra Costa Transportation Authority (CCTA). It also includes a 0.50% add-on tax approved by the Orinda voters in November 2012. The add-on tax sunsets in 2023.

Other revenues

Other revenues as realized by the City include recreation fees, planning fees, public works/engineering fees, franchise taxes, property transfer taxes, vehicle license fees and vehicle and parking fines.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures / expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds-By Character:	Current (further classified by function)
	Capital Outlay
	Debt Service

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, which consists of consolidated governmental funds, all interfund transfers between individual governmental funds have been eliminated.

H. Budgetary Accounting

In accordance with the state code, the City of Orinda prepares a biennial budget for City government operations that begins with a July 1 fiscal year. This budget is prepared on a modified accrual basis. In developing the biennial budget, City departments analyzed existing service levels and potential services in light of the strategic priorities and financial constraints and modified their proposed budgets accordingly. The City's operating budget summarizes planned expenditures and revenues for all City departments and programs. The detail is structured to summarize each department's costs by type, division and funding sources.

The biennial budget process sets forth planned expenditures and revenues for two consecutive fiscal years. Year 1 and 2 expenditure and revenue plans are presented to Council in a single document. At the conclusion of the biennial budget review and deliberation process, Year 1 of the biennial budget is approved and appropriated by Council, which sets the level of authorized funding for the fiscal year. The Year 2 budget is also approved but is subject to mid-cycle review and appropriation action in the following year. Funds not expended in Year 1 do not automatically roll into Year 2. During the mid-cycle review, staff proposes changes (if any). At that time, Council will consider the proposed changes and recommendations. At the conclusion of the deliberations, the Council will approve and appropriate funds for Year 2 of the budget.

In addition to the annual budget process, the Council reviews expenditures and revenues at the mid-year and makes changes as needed.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following funds had expenditures in excess of appropriations in fiscal year 2017-18:

Fund	Amount
City Capital Projects Capital Projects Fund	(\$525,713)
Gas Tax Special Revenue Fund	(5,515)
Library Special Revenue Fund	(45,213)
Tree Mitigation Special Revenue Fund	(1,656)
Assessment District L-42 Special Revenue Fund	(639)
Assessment District M-9 Special Revenue Fund	(6,332)
Wilder CFD Special Revenue Fund	(16,778)
Road Stabilization Capital Project Fund	(129,682)
Road Bonds 2014 Debt Service Fund	(324,778)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes 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 or resources (revenue) until that time.

The City only has one item that qualifies for reporting in this category, deferred inflows related to Other Post-Employment Benefits (OPEB). For further discussion see Note 11.

J. New Accounting Pronouncements

The City has implemented the requirements of the following GASB Pronouncements:

GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The City has implemented this Statement. See additional information in Note 11.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement had no impact on the City’s financial statement in fiscal year 2017-18.

GASB Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The City has implemented this Statement. See Note 11 for additional information.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement had no impact on the City’s financial statement in fiscal year 2017-18.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Fund Accounting Requirements

The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
Gas tax	State law – included in Special Revenue
Transportation impact	Local ordinance – included in Special Revenue
Drainage impact	Local ordinance – included in Special Revenue
Library	Local ordinance – included in Special Revenue
Park dedication	Local ordinance – included in Special Revenue
Tree mitigation	Local ordinance – included in Special Revenue
Recycling	State law – included in Special Revenue
SLES (AB 3229)	State law – included in Special Revenue
Light and landscaping districts	Local ordinance - included in Special Revenue
Wilder Community Facilities District	Local ordinance – included in Special Revenue
Stormwater (NPDES)	State law – included in Special Revenue
Affordable Housing	State law – included in in Special Revenue
CCTA (Contra Costa Transportation Authority)	County proposition – included in Special Revenue
TDA Grants	State law – included in Special Revenue
Road Maintenance – Garbage Co.	Local ordinance – included in Special Revenue

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deposits and Investments Laws and Regulations

The City's policy, as well as the California Government Code, requires that a financial institution secure deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law requires financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits, and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured 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 "FDIC"). It is the City's practice not to waive the collateral requirements.

C. Revenue Restrictions

The City has various restrictions placed over certain revenue sources by state or local agencies. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline tax	Street purposes
CCTA tax (part of sales tax)	Street purposes
Assessment districts	Lighting, landscaping, and community facilities
Development impact fees	Transportation, drainage and park capital projects
Library assessment	Library service supplement
Supplemental law enforcement	Police
Tree mitigation	Tree replacement
Stormwater	Pollution control
Grants	Federal or State projects
Recycling	Recycle efforts
Road maintenance – Garbage Co.	Street purposes

NOTE 3 – CASH AND INVESTMENTS

A. Policies

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 City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The City maintains a cash deposit and investment pool that is available for use by all funds. It is not used for the deferred compensation plans.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classifications

The City had the following cash and investments at June 30, 2018:

Reconciliation to Financial Statements:

<i>Governmental Funds Balance Sheet:</i>	
Cash and cash equivalents and investments	\$17,587,138
Restricted cash	29,573,563
Subtotal	47,160,701
<i>Internal Service Funds:</i>	
Cash and cash equivalents	777,494
<i>Fiduciary Funds:</i>	
Cash and cash equivalents	2,701,892
Total cash and investments	\$50,640,087
<i>Statement of Net Position:</i>	
Cash, cash equivalents and investments	\$18,364,632
Restricted cash	29,573,563
<i>Statement of Fiduciary Net Position:</i>	
Fiduciary Funds - cash and equivalents	2,701,892
	\$50,640,087

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, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2018, these investments matured in an average of 193 days.

At June 30, 2018, the book amount of the City's deposits were \$1,241,572 which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

City Investment Policy

The City is authorized by State statutes and in accordance with the City's investment Policy to invest in the following:

<u>Authorized Investment Type</u>	<u>Maximum Limit of Pool</u>
Securities of the U.S. Government, or its agencies	100%
Certificates of Deposit (of Time Deposits) placed with commercial banks and/or savings and loan companies not to exceed maximum allowed by FDIC per institution	100%
Local Agency Investment Fund (State Pool) Demand Deposits	100%
Passbook Savings Account Demand Deposits not to exceed the maximum allowed by FDIC per institution	100%
Shares of beneficial interest issued by Diversified Management Companies (Mutual funds). No more than 10% in any one mutual fund	20%
Money Market Demand Accounts	100%
Bankers Acceptances, maximum of 180 days (maximum 30% of pool with 1 agency)	40%
Commercial Paper, maximum 270 days of Prime Quality (not more than 10% of outstanding paper of an issuing corporation)	25%
Medium-term corporate notes, maximum of 5 years	30%

California Government Code also allows investments in the following:

<u>Investment Type</u>	<u>Maximum Maturity</u>	<u>Credit Quality</u>	<u>Maximum Limit of Pool</u>	<u>Maximum per Issuer</u>
Repurchase agreements	1 year	none	none	none
Reverse repurchase agreements	92 days	none	20%	none
Negotiable certificates of deposit	5 years	none	30%	none
Bonds issued by local agencies	5 years	none	none	none
State warrants, treasury notes, and bonds	5 years	none	none	none
Mortgage securities	5 years	Aa2/AA	20%	none
Supranationals	5 years	AA	30%	10%
Asset-Backed Securities	5 years	AA	20%	5%

The City's criteria for selecting investments are, in order of priority: (1) Safety, (2) Liquidity, and (3) Yield. All applicable investments are required to have an AA rating or higher. The City's investments comply with established policy.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

Interest rate risk is the risk that changes in economic markets will adversely affect the fair value of an investment. Generally, 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 that 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 with fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	36 to 60 Months	Total
U.S. Treasury Notes	\$4,664,518	\$3,493,449	\$366,736	\$626,873	\$9,151,576
U.S. Government Agency Securities	4,902,989	3,583,644	353,335	785,207	9,625,175
Medium-Term Corporate Notes	5,451,536	1,679,737	860,752	368,823	8,360,848
Money Market	651,375				651,375
Local Agency Investment Fund	14,205,662				14,205,662
Asset-Backed Securities	9,124	109,347	184,393	40,049	342,913
Commercial Paper	2,230,073				2,230,073
Negotiable CD	3,147,772				3,147,772
Supranational	1,190,653		191,598	39,525	1,421,776
Total Investments	<u>\$36,453,702</u>	<u>\$8,866,177</u>	<u>\$1,956,814</u>	<u>\$1,860,477</u>	49,137,170
Cash on Hand and Cash in Bank					<u>1,502,917</u>
Total Cash and Investments					<u>\$50,640,087</u>

E. Disclosures Relating to Credit Risk

Generally, 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 City of Orinda's actual Standard and Poor's rating as of June 30, 2018 for each investment type:

	Fair Value	AAA/AAA _m	AA+/AA/AA-	A+/A/A-	A-/A-1+	Not Rated
U.S. Treasury Notes	\$9,151,576		\$9,151,576			
U.S. Government Agency Securities	9,625,175		9,625,175			
Medium-Term Corporate Notes	8,360,848	\$93,510	2,371,827	\$5,895,511		
Money Market	651,375	651,375				
Local Agency Investment Fund	14,205,662					\$14,205,662
Asset-Backed Securities	342,913	219,819				123,094
Commercial Paper	2,230,073				\$2,230,073	
Negotiable CD	3,147,772				3,147,772	
Supranational	1,421,776	1,421,776				
Total Investments	49,137,170	<u>\$2,386,480</u>	<u>\$21,148,578</u>	<u>\$5,895,511</u>	<u>\$5,377,845</u>	<u>\$14,328,756</u>
Cash on Hand and Cash in Bank	<u>1,502,917</u>					
Total Cash and Investments	<u>\$50,640,087</u>					

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment income shall accrue solely to the General Fund except where required by law, in which case interest shall accrue to other funds based upon the fund's proportionate ratio of balances to total pooled cash. Investment income shall not be credited to individual reserve accounts, except where required by law.

The City portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen.

Under the current accounting standard, the portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. The City's policy is to buy and hold investments until their maturity dates.

F. Concentration of Credit Risk

Investments in the securities of any individual issuers, other than U.S. Treasury securities mutual funds, the California Local Agency Investment Fund and the California Asset management Program, that represent 5% or more of total Government-wide investments, are as follows at June 30, 2018:

Issuer	Investment Type	Amount
Federal National Mortgage Association	Federal Agency Securities	\$2,917,850
Federal Farm Credit Bank	Federal Agency Securities	2,549,660

G. Fair Value Hierarchy

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

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2018:

Investments By Fair Value Level:

	<u>Level 2</u>	<u>Note</u>
U.S. Treasury Notes	\$9,151,576	(A)
U.S. Government Agency Securities	9,625,175	(A)
Medium-Term Corporate Notes	8,360,848	(A)
Asset-Backed Securities	342,913	(A)
Commercial Paper	2,230,073	(A)
Negotiable CD	3,147,772	(A)
Supranational	1,421,776	(A)
Total By Fair Value Level	<u>34,280,133</u>	

Investments Measured at Amortized Cost:

Money Market	651,375
Investment Exempt from Fair Value Hierarchy:	
Local Agency Investment Fund	<u>14,205,662</u>
Total Investments	<u><u>\$49,137,170</u></u>

Note:

(A) The valuation method for Level 2 inputs are significant other observable inputs. These inputs include: a) Quoted prices for similar assets in active markets; b) Quoted prices for identical or similar assets in markets that are not active; and c) Inputs other than quoted prices that are observable for an asset.

(B) The Local Agency Investment Fund (LAIF) the valuation method is based on the fair value factor, provided by the Treasurer of the State of California, which is calculated

Fair value is defined as the quoted market value on the last trading day of the period. These above prices are obtained from various pricing sources by the City's custodian bank.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable for the governmental activities consist of various reimbursements, taxes and fees dated June 30 and prior received subsequent to June 30, 2018. They include:

State of California	\$414,880
Wilder Assessment	366,004
Contra Costa County	332,308
Other Government Agencies	155,488
East Bay Municipal Utility District	117,324
Franchise fees	95,195
Miscellaneous	<u>801,293</u>
Total	<u><u>\$2,282,492</u></u>

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 5 – CAPITAL ASSETS

Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Disposals and adjustments	Transfers	Balance June 30, 2018
Capital assets not being depreciated					
Land	\$1,453,434				\$1,453,434
Parkland and improvements	1,295,205				1,295,205
Work in progress	17,947,584	\$13,389,626	(\$80,044)	(\$17,033,065)	14,224,101
Total capital assets not being depreciated	20,696,223	13,389,626	(80,044)	(17,033,065)	16,972,740
Capital assets being depreciated					
Buildings, grounds and improvements	27,682,625				27,682,625
Furniture and equipment	2,060,775	217,819	(\$78,835)		2,199,759
Infrastructure	89,509,858			17,033,065	106,542,923
Total capital assets being depreciated	119,253,258	217,819	(78,835)	17,033,065	136,425,307
Accumulated depreciation					
Buildings, grounds and improvements	10,062,024	724,371			10,786,395
Furniture and equipment	1,469,510	135,369	(61,086)		1,543,793
Infrastructure	59,861,508	1,580,068			61,441,576
Total accumulated depreciation	71,393,042	2,439,808	(61,086)		73,771,764
Net capital assets being depreciated	47,860,216	(2,221,989)	(17,749)	17,033,065	62,653,543
Total net capital assets	\$68,556,439	\$11,167,637	(\$97,793)		\$79,626,283

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General government	\$319,432
Public works	1,580,068
Culture and recreation	404,939
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	135,369
Total depreciation expense - governmental activities	<u>\$2,439,808</u>

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable in the governmental funds are composed of payables to various vendors during the normal course of business. At June 30, 2018, the most significant general fund payable was the payable to the Contra Costa County Sheriff totaling \$294,279. The most significant major fund payable at June 30, 2018 was a \$782,471 payable to Bay Cities Paving & Grading from the Road Bonds 2016 Capital Fund for services performed on the Measure J & L Annual Pavement Rehabilitation project for the year ended June 30, 2018.

NOTE 7 – INTERFUND TRANSFERS

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2018 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount
Major Governmental Fund	Major Governmental Fund	
General Fund	City Capital Projects Fund	\$1,750,000 A
	Special Revenue Funds	
	Special Assessment District L-42 Fund	240 B
	Special Assessment District M-9 Fund	7,525 B
	Special Assessment District M-11 Fund	31,183 B
City Capital Projects Fund	Major Governmental Fund	
	General Fund	350,000 C
Capital Project Fund	Major Governmental Fund	
Road Stabilization Fund	General Fund	500,000 C
Internal Service Fund	Capital Project Fund	
Risk Management	Road Stabilization Fund	231,395 D
		\$2,870,343

- A: To cover cost for Miner Road Sinkhole
- B: To finance program
- C: To rebuild General Fund Reserves
- D: To fund capital projects

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – LONG-TERM DEBT

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

Type of Obligation	Original Issue Amount	Balance at June 30, 2017	Retirements	Balance at June 30, 2018	Current Portion
2015 Refunding Certificates of Participation, 4.0% to 5.0%, due 7/1/2035	\$7,945,000	\$7,650,000	(\$300,000)	\$7,350,000	\$310,000
Add: Unamortized Bond Premium		212,382	(10,619)	201,763	10,619
2014 General Obligation Bonds, Series A 2.0 to 4.0%, due 9/1/35	10,000,000	8,620,000	(920,000)	7,700,000	250,000
Add: Unamortized Bond Premium		319,244	(16,802)	302,442	16,802
2014 General Obligation Bonds, Series B 1.4% to 5.0%, due 9/1/37	10,000,000	10,000,000		10,000,000	
Add: Unamortized Bond Premium		606,248	(30,312)	575,936	
2016 General Obligation Bonds, Series A 1.4% to 4.0%, due 9/1/37	25,000,000	25,000,000		25,000,000	1,225,000
Add: Unamortized Bond Premium		2,193,027	(109,651)	2,083,376	
Total		<u>\$54,600,901</u>	<u>(\$1,387,384)</u>	<u>\$53,213,517</u>	<u>\$1,812,421</u>

2015 Refunding Certificates of Participation

In September 2005 Certificates of Participation relating to the City Offices Project totaling \$9,800,000 were issued pursuant to Resolution No. 50-05 which approved lease financing of the new city offices.

Lease payments are to be paid pursuant to a site lease between the City and the Orinda Facilities Financing Corporation (Corporation), which was formed under laws of the State of California for the purpose of providing financial assistance to the City in financing the acquisition, construction and improvement of public buildings, equipment and facilities.

The City entered into a lease with the Corporation (site lease) and agreed to leaseback the new City offices site (facilities lease) after the completion of the City offices. At the end of the lease in 2035, the offices will belong to the City, thus, the offices are assets of the City as a "lease-purchase". Payments are made from the General Fund.

As provided in Section 4(b)(iii) of the Continuing Disclosure Agreement for the 2015 Refunding COP, the City is providing an update of "City Financing Information - General Fund Revenues - Summary of Revenue Sources" for the period ending June 30, 2018.

General Fund Key Revenues	2017-2018 Revenue	Percent of Total
Property Taxes	\$4,933,170	48%
Property Tax in Lieu VLF	1,999,438	19%
Sales tax	2,281,872	22%
Franchise Taxes	1,139,414	11%
Total	<u>\$10,353,894</u>	

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – LONG-TERM DEBT (Continued)

In July 2015, the City issued \$7,945,000 in 2015 Refunding Certificates of Participation with interest rates ranging from 2% to 5%. The proceeds were used to repay \$8,030,000 of the City's outstanding 2005 Certificates of Participation. The reacquisition price of the 2015 Bonds was less than the net carrying amount of the old debt by \$85,000. As result, total debt service payments over 20 years was reduced by \$1,135,690 and will obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$833,769.

2015 Refunding Certificate of Participation

	Principal	Interest
2019	\$310,000	\$252,944
2020	315,000	245,119
2021	325,000	235,519
2022	335,000	225,619
2023	345,000	215,419
2024-2028	1,910,000	885,820
2029-2033	2,235,000	538,447
2034-2036	1,575,000	96,100
Total	7,350,000	\$2,694,987
Premium, net of amortization	201,763	
	\$7,551,763	

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – LONG-TERM DEBT (Continued)

2014 General Obligation Bonds, Series A

In March of 2015, the City issued General Obligation Bonds, Election of 2014, Series A, in the amount of \$10,000,000. The Bonds are the first series of bonds to be issued from an aggregate authorized amount of \$20,000,000 duly approved by at least two-thirds of the voters voting on Measure J at an election held on June 3, 2014 to provide funds to repair failing roads and storm drains, restore and upgrade other roadways and storm drains, fix potholes, and improve safety on the City's public streets. The Bonds bear interest at 2.0% - 4.0% and are due semi-annually on March 1 and September 1 commencing September 2, 2015. Principal payments are due annually on September 1 through 2035.

2014 General Obligation Bonds

	Principal	Interest
2019	\$250,000	\$239,462
2020	260,000	234,362
2021	275,000	229,012
2022	290,000	221,912
2023	310,000	212,912
2024-2028	1,900,000	864,535
2029-2033	2,535,000	511,035
2034-2036	1,880,000	96,625
Total	7,700,000	\$2,609,855
Premium, net of amortization	302,442	
	\$8,002,442	

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – LONG-TERM DEBT (Continued)

2014 General Obligation Bonds, Election of 2014, Series B

In April of 2017, the City issued General Obligation Bonds, Election of 2014, Series B, in the amount of \$10,000,000. These Bonds are the second series of bonds to be issued from an aggregate authorized amount of \$20,000,000 of bonds duly approved by at least two-thirds of the voters voting on Measure J at an election held on June 3, 2014. The Bonds were issued to provide funds to repair failing roads and storm drains, restore and upgrade other roadways and storm drains, fix potholes and improve safety on the City's public streets. The Bonds bear interest at 1.4% - 5.0%. Interest payments are due semi-annually on March 1 and September 1 commencing September 1, 2017. Principal payments are due annually on September 1 through 2037.

2014 General Obligation Bonds, Series B

	Principal	Interest
2019		\$372,575
2020	\$175,000	372,575
2021	205,000	367,325
2022	240,000	359,125
2023	320,000	355,825
2024-2028	1,815,000	1,556,375
2029-2033	2,585,000	1,121,125
2034-2038	4,660,000	588,601
Total	10,000,000	\$5,093,526
Premium, net of amortization	575,936	
	\$10,575,936	

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – LONG-TERM DEBT (Continued)

2016 General Obligation Bonds, Election of 2016, Series A

In April of 2017, the City issued General Obligation Bonds, Election of 2016, Series A, in the amount of \$25,000,000. These Bonds are the first and only series of bonds to be issued in an aggregate authorized amount of \$25,000,000 of bonds duly approved by at least two-thirds of the voters voting on Measure L at an election held on June 7, 2016. The Bonds were issued to provide funds to repair failing roads and storm drains, restore and upgrade other roadways and storm drains, fix potholes and improve safety on the City's public streets. The Bonds bear interest at 1.4% - 4.0%. Interest payments are due semi-annually on March 1 and September 1 commencing September 1, 2017. Principal payments are due annually on September 1 through 2037.

2016 General Obligation Bonds, Series A

	Principal	Interest
2019	\$1,225,000	\$966,000
2020	1,125,000	941,500
2021	515,000	907,750
2022	640,000	887,150
2023	755,000	878,350
2024-2028	5,065,000	3,829,800
2029-2033	6,725,000	2,581,300
2034-2038	8,950,000	1,123,400
Total	25,000,000	\$12,115,250
Premium, net of amortization	2,083,376	
	\$27,083,376	

NOTE 9 – NET POSITION AND FUND BALANCES

A. Equity classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other portions of net position that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Fund Balance Reporting

Fund Balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City Council, as the highest level of decision-making authority of the City, has the power to commit and rescind the commitment of fund balances through resolutions. The Council has designated certain members of management staff to assign fund balances. Those staff members can assign fund balances when the City intends to use those funds for specific projects/purposes. These captions apply only to Fund Balance classifications:

- *Nonspendable fund balances* are those amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.
- *Restricted fund balances* are those amounts that should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
- *Committed fund balances* are those amounts that cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- *Assigned fund balances* are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, except for stabilization arrangements.
- *Unassigned fund balances* are those residual funds that have not been assigned to other funds, are not nonspendable, restricted, committed, or assigned to specific purposes. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

It is the policy of the City to spend funds in order from restricted to unassigned, as listed above.

Reserve Policy

Under the City's Policy, the City shall retain and undesignated General Fund reserve equal to five million dollars (\$5,000,000) plus twenty percent (20%) of the amount of budgeted General Fund revenues in excess of ten million (\$10,000,000), not including Measure L revenue. This reserve may only be used for funding an emergency, such as a natural or man-made disaster, which threatens the health, safety, and welfare of the City's residents businesses or visitors, as determined by the City Council. Amounts in excess of the reserve requirement may be used for capital improvements, unanticipated expenditures or one-time expenditures. At June 30, 2018, the amount of this reserve amounted to \$5,586,807.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2018, are stated below:

	General Fund	City Capital Projects Fund	Community Facilities Maintenance	CCTA	Road Bonds 2014	Road Bonds 2016	Other Governmental Funds	Total
Nonspendable:								
Prepaid items	\$49,122						\$109,123	\$158,245
Total nonspendable	<u>49,122</u>						<u>109,123</u>	<u>158,245</u>
Restricted:								
Streets & roads		\$949,259		\$52,134	\$3,376,533	\$22,142,950	553,506	27,074,382
Debt service							3,145,114	3,145,114
Public facilities			\$1,523,140				714,292	2,237,432
Parks development improvements							992,391	992,391
Police							79,556	79,556
Affordable housing							251,705	251,705
Trees and landscaping							7,347	7,347
Storm drain maintenance improvements							1,233,363	1,233,363
Library							30,246	30,246
Traffic mitigation							998,181	998,181
Total restricted		<u>949,259</u>	<u>1,523,140</u>	<u>52,134</u>	<u>3,376,533</u>	<u>22,142,950</u>	<u>8,005,701</u>	<u>36,049,717</u>
Committed:								
Streets & roads		773,247					195,918	969,165
Contingency reserve	5,586,807							5,586,807
Total committed	<u>5,586,807</u>	<u>773,247</u>					<u>195,918</u>	<u>6,555,972</u>
Assigned:								
Long term and general plan	266,669							266,669
Capital outlay	1,628,987							1,628,987
Total assigned	<u>1,895,656</u>							<u>1,895,656</u>
Unassigned:								
	1,434,723							1,434,723
Total Fund Balances	<u>\$8,966,308</u>	<u>\$1,722,506</u>	<u>\$1,523,140</u>	<u>\$52,134</u>	<u>\$3,376,533</u>	<u>\$22,142,950</u>	<u>\$8,310,742</u>	<u>\$46,094,313</u>

B. Net Position Restatement

Management adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018. The implementation of the Statement required the City to make a prior period adjustment. As a result, the beginning net position of the Governmental Activities was restated and reduced by \$377,920. See additional information in Note 11.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10 – RETIREMENT PLANS

Defined contribution plans (Internal Revenue Code Section 401 (a) Plans)

The employees of the City accumulate retirement benefits through three defined contribution plans with the ICMA Retirement Corporation. The City makes bi-weekly contributions to a 401(a) plan for each regular employee working a minimum of 20 hours per week. The base contribution by the city for all eligible employees is 13%. In addition, for unrepresented employees the city will match up to a 3% employee contribution for a maximum of 16%. Vesting occurs over a three year period, with the exception of those employees over 50 years old who are fully vested from the first month of employment. The benefit terms are established by the City Council in accordance with the most current memorandum of understanding between the City and the General Employees bargaining unit. The Plans are administered and held in trust for the exclusive benefit of participants and are not assets of the City.

Balance at June 30, 2017	\$6,324,654
Contributions	496,478
Loans, net	522
Disbursements, net	(789,875)
Earnings	<u>487,092</u>
Balance at June 30, 2018	<u><u>\$6,518,871</u></u>

Deferred compensation plan (Internal Revenue Code Section 457)

For the fiscal year ended June 30, 2018, employees had an option of participating in a deferred compensation plan where contributions are from employee earnings at a maximum of 25% of earnings. For employees represented by Teamsters Local No.856, the city will match up to 3% of an employee contribution, provided the total contributions do not exceed the IRS limit. The Plan provides for the deferral of a portion of the employee's compensation until retirement, termination, or certain other events. Under Internal Revenue Code 457, the amounts deferred under a deferred compensation plan maintained by a state or local government must be held in a trust (or custodial account or annuity contract) for the exclusive benefit of plan participants and their beneficiaries. The assets are not considered assets of the City, thus have been excluded from these financial statements.

Balance at June 30, 2017	\$4,448,747
Contributions	919,565
Disbursements, net	(299,257)
Earnings (Loss)	<u>394,891</u>
Balance at June 30, 2018	<u><u>\$5,463,946</u></u>

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The City’s Post Employment Benefit Plan is a single-employer Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefits Provided – The following is a summary of Plan benefits by employee group as of June 30, 2018:

Active Employee Coverage

Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees can choose from a variety of HMO and PPO options providing comprehensive medical and prescription drug coverage. For purposes of its contract with PEMHCA, the City uses a statutory schedule to determine its monthly contribution on behalf of each active employee. The statutory amount is \$128.00 for 2017 and \$133.00 for 2018, and will be indexed by the Medical CPI each year thereafter.

Post-retirement Coverage

The City offers the same medical plans to its retirees and surviving spouses as to its active employees, with the exception that once a retiree becomes eligible for Medicare he or she must join a Medicare HMO or a Medicare Supplement plan, with Medicare becoming the primary payer.

Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 55 and 7 years of service. The City contribution towards retiree health benefits is determined under the "unequal contribution method" under PEMHCA, whereby the contribution is increased by 5% per year until the contribution equals the City's contribution for active employees (\$128.00/month for 2017 and \$133/month for 2018, and scheduled to be indexed by medical inflation for years after 2018). For 2017, the City contribution was 75% of \$128.00, or \$96.00 per month, and for 2018 the City contribution is 80% of \$133.00, or \$106.40 per month. In 2022, the percentage will reach 100% and the City's contribution on behalf of eligible retirees will thereafter be the same as its contribution on behalf of active employees. Retired City Council members are not eligible for this benefit.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2018:

Active employees	42
Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Total	42

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Total OPEB Liability

Actuarial Methods and Assumptions – The City’s total OPEB liability was measured and rolled forward using standard update procedures based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	July 01, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	3.60%
Inflation	2.25%
Payroll Growth	3.0%
Mortality Rate	Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using a generational projection based on 100% of scale MP-2016 for years 2014 through 2029, 50% of MP-2016 for years 2030 through 2049, and 20% of MP-2016 for 2050 and thereafter. 8.00% for 2017-18, decreasing to 5.00% for 2020-21 and Healthcare Trend Rates after.

The discount rate was based on Bond Buyer 20-bond General Obligation Index.

C. Changes in Total OPEB Liability

The changes in the total OPEB liability follows:

	Total OPEB Liability
Balance at July 1, 2017	\$377,920
Changes Recognized for the Measurement Period:	
Service cost	44,208
Interest on the total OPEB liability	15,049
Changes of benefit terms	
Differences between expected and actual experience	(1,843)
Changes of assumptions	(16,988)
Contributions from the employer	
Benefit payments	(6,381)
Net changes	34,045
Balance at June 30, 2018 (Measurement Date)	\$411,965

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB 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 discount rate:

Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(2.9%)	(3.9%)	(4.9%)
\$472,969	\$411,965	\$362,212

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability/(Asset)		
Current Healthcare Cost		
1 % Decrease	Trend Rates	1% Increase
(7.0% decreasing to 4.0%)	(8.0% decreasing to 5.0%)	(9.0% decreasing to 6.0%)
\$399,831	\$411,965	\$426,218

E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$57,164. At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		(\$1,638)
Changes of assumptions		(15,100)
Total		(\$16,738)

Deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2019	(\$2,093)
2020	(2,093)
2021	(2,093)
2022	(2,093)
2023	(2,093)
Thereafter	(6,273)
Total	(\$16,738)

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 12 – RISK MANAGEMENT

Insurance coverage

The City purchases its insurance through the Municipal Pooling Authority (MPA) of Northern California of which the City is a member.

The following is a summary of coverage as of June 30, 2018:

	Participating Cities' Total Coverage	Deductible (City Portion)
All risk fire and property	\$1,000,000,000	\$25,000
Cyber Liability	2,000,000	50,000
Boiler and machinery	100,000,000	5,000
Public Entity Pollution Liability	1,000,000	100,000
Liability	29,000,000	5,000
Employment Liability	2,000,000	50,000
Auto-physical damage (Police Dept.)	250,000	3,000
Auto-physical damage (other)	250,000	2,000
Workers' compensation	Statutory Limit	

The total coverage includes the City's deductible, the portion underwritten by MPA and other participating public agency insurance pools and the portion underwritten by other insurance companies.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Claims involving the City of Orinda

The City is a defendant in lawsuits arising in the normal course of business. The MPA is providing coverage for litigation against the City; however some litigation costs are covered by the City's insurance fund, where the City has provided additional reserves. As of June 30, 2018, the risk management fund had net position of \$42,203.

Grant programs

The City participates in several federal and state grant programs. These programs have been audited when required by the City's independent accountants in accordance with the provisions of the federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

Storm Damage 2017-Sinkhole

During the major rain storm starting on or about January 7, 2017 an existing 84-inch diameter corrugated metal pipe storm drain under Miner Road failed, and a sink hole formed in the roadway above the point of failure. Miner Road serves as a minor arterial and contains utility lines operated by other agencies, which were also damaged. The severity of the damage made the roadway impassable and traffic had to be rerouted. The City Council declared a State of Emergency on January 17, 2017 (Resolution No. 10-17), which was reaffirmed by subsequent resolutions.

The City immediately undertook emergency construction to restore the City roadway to service and the roadway was reopened in July of 2017. The City Council adopted a Resolution proclaiming the termination of the Local State of Emergency on July 5, 2017 (Resolution 67-17). On March 20, 2018 the City Council accepted as final the major construction work which included final resolution of all contract change orders (Resolution 11-18). As of June 30, 2018, approximately \$3.228 million had been expended.

The City has applied for funding from the Federal Highway Administration (FHWA) via Caltrans, the Federal Emergency Management Agency (FEMA), and the Governor's Office of Emergency Services (Cal OES). Progress continues to be made on the submittal process to obtain reimbursements. The City has also initiated exploration of possible insurance coverage for the loss. The City's deductible for the unscheduled infrastructure is \$500,000 and the maximum covered loss under the policy is \$2 million. The policy contains a provision that the loss will only be paid in the event that there is not specific disaster reimbursements. Given the long lead time to determine whether there would be an ultimate loss, the insurer advanced \$947,773 under a loan agreement approved by the City Council in January 2018. The agreement provides that the loan is not subject to interest and will be repaid to the extent that there is a recovery from Disaster funds.

The largest grant request pending is a submittal to FHWA. FHWA would not accept a submittal until the City obtained a Certified Right of Way clearance which required obtaining easements from private parties. The acquisition was recently completed and the City received the right of way certification on October 3, 2018. This will allow the City to prepare a final Request for reimbursement from FHWA. The timing of the reimbursement remains uncertain. Further the review process by FHWA will take into consideration ineligible project costs which will reduce the final amount recovered. It is expected that the final claim for disaster relief will be submitted in early 2019 and the City will await a final determination by FHWA.

Wilder Project

In February 2007, the City approved Resolution 08-07 entering into an agreement with and becoming a member of the California Statewide Communities Development Authority (CSCDA), a joint powers authority formed under the Mello-Roos Community Facilities Act of 1982. At the same meeting, Resolution 09-07 was approved authorizing CSCDA to form a Community Facilities District (CFD). The district was formed in May 2007, for the purpose of; 1) financing the construction of public improvements; and 2) provision of public services necessary to meet increased demands placed on the City as a result of the Wilder Project.

CITY OF ORINDA
Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

The improvements to be constructed included facilities such as the storm drain system, sanitary sewer system, water distribution system, maintenance facility, Community Facilities, ball fields, street improvements, landscaping and utilities (including the relocation of electric transmission lines). Some of these improvements were financed through the sale of Special Tax Bonds. The issuance by the CSCDA of bonds totaling \$37.5 million occurred in December 2007. At the completion of each improvement, the financed improvements were turned over to the City or major utility. Upon transfer the developer was reimbursed from the proceeds of the bonds, which were held in trust, for the costs related to that improvement. On August 4, 2010 CSCDA conducted proceedings whereby the owners of the property voted to eliminate the authority to issue additional bonds. All capital costs financed with the bonds are the responsibility of the developer, with the City having no responsibility for any costs. The repayment of the bonds is through a special tax lien which can be prepaid by the owner of each lot. The CSCDA as part of the Mello –Roos Assessment also administers levies for annual costs associated with the provision of police services and park maintenance as defined in the recorded District documents.

Since the CSCDA is administering the CFD and the City has no responsibility for the bonds, the Wilder Project is not included in the City's Agency Funds. The City submits annual reimbursement requests to CSCDA for police and park operating costs which are accounted for in a Special Revenue fund and reported in the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

City of Orinda OPEB Plan

Last 10 fiscal years*

Measurement Date	6/30/2018
Total OPEB Liability (1)	
Service Cost	\$44,208
Interest	15,049
Changes of benefit terms	
Differences between expected and actual experience	(1,843)
Changes of assumptions	(16,988)
Benefit payments	(6,381)
Net change in total OPEB liability	34,045
Total OPEB liability - beginning	377,920
Total OPEB liability - ending (a)	\$411,965
 Covered-employee payroll	 \$3,489,277
 Total OPEB liability as a percentage of covered-employee payroll	 11.81%

Notes to Schedule:

(1) No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

* Fiscal year 2018 was the first year of implementation.

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund
For the year ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Taxes				
Property tax and assessments	\$4,779,429	\$4,824,429	\$4,933,170	\$108,741
Property tax in lieu of VLF	1,962,408	2,007,408	1,999,438	(7,970)
Sales tax	2,094,000	2,204,000	2,281,872	77,872
Franchise tax	1,100,000	1,100,000	1,139,414	39,414
Property transfer tax	240,000	240,000	316,381	76,381
Transient Occupancy Tax		39,000	58,658	19,658
Rent and interest	115,800	115,800	(53,338)	(169,138)
Recreation fees				
Recreation class fees	1,326,000	1,181,600	1,623,004	441,404
OYA sports fees	357,000	300,000	251,534	(48,466)
Sports field rentals	459,000	459,000	516,063	57,063
Other	193,400	193,400	193,518	118
Service fees				
Vehicle and parking fines	90,000	90,000	110,859	20,859
Building inspection	600,000	680,000	707,448	27,448
Planning	420,000	351,000	530,473	179,473
Public works and engineering	125,300	111,800	131,434	19,634
Police			21,313	21,313
Other agencies				
Homeowners tax reimbursement	36,000	34,000	32,800	(1,200)
Miscellaneous	135,600	145,600	104,267	(41,333)
Total revenues	<u>14,033,937</u>	<u>14,077,037</u>	<u>14,898,308</u>	<u>821,271</u>
Expenditures				
Current:				
City management	572,383	572,383	469,856	102,527
City attorney	475,000	475,000	349,182	125,818
City clerk	245,337	279,337	259,615	19,722
Administrative services	768,995	811,995	831,529	(19,534)
Police services	4,798,895	4,648,895	3,967,177	681,718
Public works/ engineering	2,635,676	2,685,676	1,518,182	1,167,494
Parks and recreation	2,737,585	2,799,085	2,901,696	(102,611)
Planning	979,029	979,029	909,978	69,051
Library operations		39,971	39,971	
Capital outlay		50,000	78,288	(28,288)
Debt Service:				
Interest and fiscal charges		256,046	306,193	(50,147)
Principal		310,000	300,000	10,000
Total expenditures	<u>13,212,900</u>	<u>13,907,417</u>	<u>11,931,667</u>	<u>1,975,750</u>
Excess (deficiency) of revenues over expenditures	<u>821,037</u>	<u>169,620</u>	<u>2,966,641</u>	<u>2,797,021</u>
Other financing sources (uses)				
Transfers in		225,910	850,000	624,090
Transfers out	(295,000)	(1,757,550)	(1,788,948)	(31,398)
Total other financing sources (uses)	<u>(295,000)</u>	<u>(1,531,640)</u>	<u>(938,948)</u>	<u>592,692</u>
Net changes in fund balance	<u>\$526,037</u>	<u>(\$1,362,020)</u>	<u>2,027,693</u>	<u>\$3,389,713</u>
Fund balance - beginning of year			<u>6,938,615</u>	
Fund balance - end of year			<u>\$8,966,308</u>	

CITY OF ORINDA
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 Community Facilities Maintenance Special Revenue Fund
 For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Interest		\$4,500	\$10,164	\$5,664
Total revenues		<u>4,500</u>	<u>10,164</u>	<u>5,664</u>
Excess (deficiency) of revenues over expenditures		<u>4,500</u>	<u>10,164</u>	<u>5,664</u>
Net changes in fund balance		<u>\$4,500</u>	<u>10,164</u>	<u>\$5,664</u>
Fund balance - beginning of year			<u>1,512,976</u>	
Fund balance - end of year			<u>\$1,523,140</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
CCTA Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Rent and interest			\$1,326	\$1,326
CCTA Return to Source	\$561,670	\$371,370	263,427	(107,943)
Total revenues	<u>561,670</u>	<u>371,370</u>	<u>264,753</u>	<u>(106,617)</u>
Expenditures				
Current:				
Public works and engineering			10,215	(10,215)
Capital outlay		1,081,186	480,130	601,056
Total expenditures		<u>1,081,186</u>	<u>490,345</u>	<u>590,841</u>
Net changes in fund balance	<u>561,670</u>	<u>(709,816)</u>	<u>(225,592)</u>	<u>(697,458)</u>
Fund balance - beginning of year			<u>277,726</u>	
Fund balance - end of year			<u>\$52,134</u>	

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OTHER SUPPLEMENTARY INFORMATION

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CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
City Capital Projects Capital Projects Fund
For the year ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Federal			\$460,393	\$460,393
State and local			126,607	126,607
Miscellaneous		\$155,488	1,244,861	1,089,373
Total revenues		155,488	1,831,861	1,676,373
Expenditures				
Current:				
Capital improvement			183,480	(183,480)
Capital outlay	\$254,377	254,377	596,610	(342,233)
Total expenditures	254,377	254,377	780,090	(525,713)
Excess (deficiency) of revenues over expenditures	(254,377)	(254,377)	1,051,771	1,306,148
Other financing sources (uses)				
Transfer in		1,750,000	1,750,000	
Transfer out			(350,000)	(350,000)
Total other financing sources (uses)		1,750,000	1,400,000	(350,000)
Net changes in fund balance	(254,377)	(\$254,377)	2,451,771	\$956,148
Fund balance - beginning of year			(729,265)	
Fund balance - end of year			\$1,722,506	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Road Bonds 2014 Capital Projects Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Interest		\$55,000	\$113,647	\$58,647
Miscellaneous			256,967	256,967
Total revenues		<u>55,000</u>	<u>370,614</u>	<u>315,614</u>
Expenditures:				
Current:				
Public works and engineering			5,033	(5,033)
Capital outlay		10,580,000	7,140,866	3,439,134
Total expenditures		<u>10,580,000</u>	<u>7,145,899</u>	<u>3,434,101</u>
Excess of revenues over expenditures		<u>(10,525,000)</u>	<u>(6,775,285)</u>	<u>3,749,715</u>
Net changes in fund balance		<u><u>(\$10,525,000)</u></u>	<u><u>(6,775,285)</u></u>	<u><u>\$3,749,715</u></u>
Fund balance at beginning of year			<u>10,151,818</u>	
Fund balance at end of year			<u><u>\$3,376,533</u></u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Road Bonds 2016 Capital Projects Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$434,819	\$434,819
Total revenues			434,819	434,819
Expenditures:				
Current:				
Public works and engineering			157,400	157,400
Capital outlay		\$166,607	2,340,929	2,174,322
Total expenditures		166,607	2,498,329	2,331,722
Excess of revenues over expenditures		(166,607)	(2,063,510)	2,766,541
Other financing sources:				
Proceeds from long-term debt		250,000		(250,000)
Total other financing sources		250,000		(250,000)
Net changes in fund balance		\$83,393	(2,063,510)	\$2,516,541
Fund balance at beginning of year			24,206,460	
Fund balance at end of year			\$22,142,950	

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CITY OF ORINDA, CALIFORNIA
COMBINING FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
<p>The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Fund is comprised of the following:</p>	
General Purpose	Accounts for most discretionary resources except those that require separate accounting for local, state or federal reporting and accountability purposes. Primary sources of General Purpose Fund revenue include property tax, sales tax, franchise fees, parks and recreation fees, as well as transfers in from other funds for eligible uses.
Add-On Sales Tax	Accounts for all revenue received from the add-on sales tax (Measure L) and the expenses as appropriated through the budget process.

CITY OF ORINDA
Combining Balance Sheet
General Fund
June 30, 2018

	General Purpose	Add - On Sales Tax	Total
ASSETS			
Cash, cash equivalents and investments	\$8,079,460	\$1,428,886	\$9,508,346
Accounts receivable	1,272,674	198,960	1,471,634
Accrued interest receivable	61,416	1,141	62,557
Prepaid items and deposits	49,122		49,122
Due from other funds	189,641		189,641
	<u>\$9,652,313</u>	<u>\$1,628,987</u>	<u>\$11,281,300</u>
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$2,030,602		\$2,030,602
Other current liabilities	247,624		247,624
Unearned revenue	30,000		30,000
Planning and engineering deposits	6,766		6,766
	<u>2,314,992</u>	<u></u>	<u>2,314,992</u>
Fund balances:			
Nonspendable	49,122		49,122
Committed	5,586,807		5,586,807
Assigned	266,669	\$1,628,987	1,895,656
Unassigned	1,434,723		1,434,723
	<u>7,337,321</u>	<u>1,628,987</u>	<u>8,966,308</u>
	<u>\$9,652,313</u>	<u>\$1,628,987</u>	<u>\$11,281,300</u>

CITY OF ORINDA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the year ended June 30, 2018

	General Purpose	Add - On Sales Tax	Total
Revenues			
Taxes			
Property tax and assessments	\$6,932,608		\$6,932,608
Sales tax	1,087,585	\$1,194,287	2,281,872
Franchise tax	1,139,414		1,139,414
Transient Occupancy Tax	58,658		58,658
Property transfer tax	316,381		316,381
Use of money and properties	(58,320)	6,765	(51,555)
Recreation fees			
Recreation class fees	1,623,004		1,623,004
OYA sports fees	251,534		251,534
Sports field rentals	516,063		516,063
Other	193,518		193,518
Service fees			
Vehicle fees and parking fines	110,859		110,859
Building inspection	707,448		707,448
Planning	530,473		530,473
Public works and engineering	131,434		131,434
Police	14,975		14,975
Other agencies			
Homeowners tax reimbursement	32,800		32,800
Vehicle abatement	6,338		6,338
Miscellaneous	102,484		102,484
Total Revenues	13,697,256	1,201,052	14,898,308
Expenditures			
Current:			
City management	469,856		469,856
City attorney	349,182		349,182
City clerk	259,615		259,615
Administrative services	831,529		831,529
Parks and recreation	2,901,696		2,901,696
Public works and engineering	1,518,182		1,518,182
Police services	3,967,177		3,967,177
Planning	909,978		909,978
Library operations	39,971		39,971
Capital outlay	78,288		78,288
Debt Service:			
Interest	306,193		306,193
Principal payments on bonds	300,000		300,000
Total Expenditures	11,931,667		11,931,667
Excess (deficiency) of revenues over expenditures	1,765,589	1,201,052	2,966,641
Other financing sources (uses):			
Transfers in	850,000		850,000
Transfers out	(1,788,948)		(1,788,948)
Total other financing sources (uses)	(938,948)		(938,948)
Net changes in fund balance	826,641	1,201,052	2,027,693
Fund balance - beginning of year	6,510,680	427,935	6,938,615
Fund balance - end of year	\$7,337,321	\$1,628,987	\$8,966,308

CITY OF ORINDA
Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund
For the year ended June 30, 2018

	General Purpose			
	Original Budget	Amended Budget	Actual	Variance
Revenues				
Taxes				
Property tax and assessments	\$4,779,429	\$4,824,429	\$4,933,170	\$108,741
Property tax in lieu of VLF	1,962,408	2,007,408	1,999,438	(7,970)
Sales tax	1,021,000	1,061,000	1,087,585	26,585
Franchise tax	1,100,000	1,100,000	1,139,414	39,414
Transient Occupancy Tax		39,000	58,658	19,658
Property transfer tax	240,000	240,000	316,381	76,381
Rent and interest	115,800	115,800	(58,320)	(174,120)
Recreation fees				
Recreation class fees	1,326,000	1,181,600	1,623,004	441,404
OYA sports fees	357,000	300,000	251,534	(48,466)
Sports field rentals	459,000	459,000	516,063	57,063
Other	193,400	193,400	193,518	118
Service fees				
Vehicle and parking fines	90,000	90,000	110,859	20,859
Building inspection	600,000	680,000	707,448	27,448
Planning	420,000	351,000	530,473	179,473
Public works and engineering	125,300	111,800	131,434	19,634
Police			14,975	14,975
Other agencies				
Homeowners tax reimbursement	36,000	34,000	32,800	(1,200)
Vehicle abatement			6,338	6,338
Miscellaneous	135,600	145,600	102,484	(43,116)
Total revenues	<u>12,960,937</u>	<u>12,934,037</u>	<u>13,697,256</u>	<u>763,219</u>
Expenditures				
City management/ policy and legal	1,292,720	1,326,720	819,038	507,682
Finance/ administrative services	768,995	811,995	1,091,144	(279,149)
Police services	4,798,895	4,648,895	3,967,177	681,718
Public works/ engineering	1,650,676	1,700,676	1,518,182	182,494
Parks and recreation	2,737,585	2,799,085	2,901,696	(102,611)
Planning	979,029	979,029	909,978	69,051
Library operations		39,971	39,971	
Capital outlay		50,000	78,288	(28,288)
Debt Service:				
Interest		256,046	306,193	(50,147)
Principal payments on bonds		310,000	300,000	10,000
Total expenditures	<u>12,227,900</u>	<u>12,922,417</u>	<u>11,931,667</u>	<u>990,750</u>
Excess (deficiency) of revenues over expenditures	<u>733,037</u>	<u>11,620</u>	<u>1,765,589</u>	<u>1,753,969</u>
Other financing sources (uses)				
Transfers in		225,910	850,000	624,090
Transfers out	(295,000)	(1,757,550)	(1,788,948)	(31,398)
Total Other Financing Sources (Uses)	<u>(295,000)</u>	<u>(1,531,640)</u>	<u>(938,948)</u>	<u>592,692</u>
Net changes in fund balance	<u>\$438,037</u>	<u>(\$1,520,020)</u>	826,641	<u>\$2,346,661</u>
Fund balance - beginning of year			<u>6,510,680</u>	
Fund balance - end of year			<u>\$7,337,321</u>	

Add - On Sales Tax				Total			
Original Budget	Amended Budget	Actual	Variance	Original Budget	Amended Budget	Actual	Variance
				\$4,779,429	\$4,824,429	\$4,933,170	\$108,741
				1,962,408	2,007,408	1,999,438	(7,970)
\$1,073,000	\$1,143,000	\$1,194,287	\$51,287	2,094,000	2,204,000	2,281,872	77,872
				1,100,000	1,100,000	1,139,414	39,414
					39,000	58,658	19,658
				240,000	240,000	316,381	76,381
		6,765	6,765	115,800	115,800	(51,555)	(167,355)
				1,326,000	1,181,600	1,623,004	441,404
				357,000	300,000	251,534	(48,466)
				459,000	459,000	516,063	57,063
				193,400	193,400	193,518	118
				90,000	90,000	110,859	20,859
				600,000	680,000	707,448	27,448
				420,000	351,000	530,473	179,473
				125,300	111,800	131,434	19,634
						14,975	14,975
				36,000	34,000	32,800	(1,200)
						6,338	6,338
				135,600	145,600	102,484	(43,116)
<u>1,073,000</u>	<u>1,143,000</u>	<u>1,201,052</u>	<u>58,052</u>	<u>14,033,937</u>	<u>14,077,037</u>	<u>14,898,308</u>	<u>821,271</u>
				1,292,720	1,326,720	819,038	507,682
				768,995	811,995	1,091,144	(279,149)
985,000	985,000		985,000	4,798,895	4,648,895	3,967,177	681,718
				2,635,676	2,685,676	1,518,182	1,167,494
				2,737,585	2,799,085	2,901,696	(102,611)
				979,029	979,029	909,978	69,051
					39,971	39,971	
					50,000	78,288	(28,288)
					256,046	306,193	(50,147)
					310,000	300,000	10,000
<u>985,000</u>	<u>985,000</u>		<u>985,000</u>	<u>13,212,900</u>	<u>13,907,417</u>	<u>11,931,667</u>	<u>1,975,750</u>
<u>88,000</u>	<u>158,000</u>	<u>1,201,052</u>	<u>1,043,052</u>	<u>821,037</u>	<u>169,620</u>	<u>2,966,641</u>	<u>2,797,021</u>
					225,910	850,000	624,090
				(295,000)	(1,757,550)	(1,788,948)	(31,398)
				(295,000)	(1,531,640)	(938,948)	592,692
<u>88,000</u>	<u>\$158,000</u>	<u>1,201,052</u>	<u>\$1,043,052</u>	<u>\$526,037</u>	<u>(\$1,362,020)</u>	<u>2,027,693</u>	<u>\$3,389,713</u>
		<u>427,935</u>				<u>6,938,615</u>	
		<u>\$1,628,987</u>				<u>\$8,966,308</u>	

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CITY OF ORINDA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
SPECIAL REVENUE FUNDS:	
Gas Tax	Accounts for the excise tax used for street maintenance and related capital projects.
Transportation Impact	Accounts for the fee imposed on new development to help fund construction of expansion of roads, bikeways, sidewalks, and traffic signals.
Drainage Impact	Accounts for the fee imposed on new development to help pay for the drainage master plan and improvements recommended in the plan.
Library	Accounts for the voter approved special library parcel tax revenue used to provide additional hours of operation at the Orinda library.
Park Dedication	Accounts for the fee imposed on new development to provide funding for new parklands, facilities, and rehabilitation of existing parks and facilities.
Tree Mitigation	Accounts for fees charged to developers when construction related activity may remove or destroy a protected tree.
Recycling	Accounts for the California Recycle and Recovery grant used to promote recycling of beverage containers.
Supplemental Law Enforcement (SLES)	Accounts for funds received from the State's COPS program for front-line municipal police services.
Assessment Districts L-42, M-9, M-11	These funds account for the revenue received from benefited properties and the associated expenses to operate and maintain street lights and common areas.

CITY OF ORINDA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
Wilder Community Facilities District (CFD)	Accounts for the revenue received from parcels in the District and expenses associated with maintenance of public playfields and police service.
Stormwater	Accounts for fees collected by the County and passed through to the City for activities necessary to comply with stormwater program elements.
Affordable Housing	Accounts for costs associated with monitoring the City's affordable housing.
TDA Grants	Accounts for State grant monies focused on projects addressing construction of pedestrian and bicycle improvements, including master plans and education programs.
Road Maintenance – Garbage Co.	Accounts for fees collected from the franchised garbage hauler based on a study of the allocated impact on street maintenance from garbage/recycling vehicles. The expenditures are for maintenance of public streets.
DEBT SERVICE FUNDS:	
Road Bonds 2014 Debt Service	Accounts for the collection of tax proceeds and the payment of debt service for the 2014 General Obligation Bonds.
Road Bonds 2016 Debt Service	Accounts for the collection of tax proceeds and the payment of debt service for the 2016 General Obligation Bonds.

CITY OF ORINDA, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
CAPITAL PROJECTS FUNDS	
Oaksprings Assessment District Improvements	Accounts for activities related to the Oaksprings Assessment District improvements.
Other Grants	Accounts for the grant revenue received from BART for improving access ramps.
Road Stabilization	Accounts for activities related to unpredictable road failures due to erosion or other earth-moving events.

CITY OF ORINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

Special Revenue Funds

	Gas Tax	Transportation Impact	Drainage Impact	Library	Park Dedication
<u>ASSETS</u>					
Cash, cash equivalents and investments	\$434,869	\$989,830	\$1,158,474	\$115,251	\$991,598
Restricted cash					
Accounts receivable	16,466	23,667			
Accrued interest receivable	327	812	927	35	793
Prepaid items				11,263	
Total assets	\$451,662	\$1,014,309	\$1,159,401	\$126,549	\$992,391
<u>LIABILITIES AND FUND BALANCES</u>					
Accounts payable and accrued liabilities	\$45,014	\$16,128		\$85,040	
Due to other funds					
Total liabilities	45,014	16,128		85,040	
Fund balance					
Nonspendable				11,263	
Restricted	406,648	998,181	\$1,159,401	30,246	\$992,391
Committed					
Unassigned					
Total fund balance	406,648	998,181	1,159,401	41,509	992,391
Total liabilities and fund balance	\$451,662	\$1,014,309	\$1,159,401	\$126,549	\$992,391

Special Revenue Funds

<u>Tree Mitigation</u>	<u>Recycling</u>	<u>Supplemental Law Enforcement (S.L.E.S.)</u>	<u>Assessment District L-42</u>	<u>Assessment District M-9</u>	<u>Assessment District M-11</u>
\$7,340	\$511,153	\$79,556	\$652	\$1,776	\$5,976
7	408 97,261				44
<u>\$7,347</u>	<u>\$608,822</u>	<u>\$79,556</u>	<u>\$652</u>	<u>\$1,776</u>	<u>\$6,020</u>
	\$17,608		\$418	\$1,776	\$6,020
	17,608		418	1,776	6,020
\$7,347	97,261 493,953	\$79,556	234		
<u>7,347</u>	<u>591,214</u>	<u>79,556</u>	<u>234</u>		
<u>\$7,347</u>	<u>\$608,822</u>	<u>\$79,556</u>	<u>\$652</u>	<u>\$1,776</u>	<u>\$6,020</u>

(Continued)

CITY OF ORINDA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds				
	Wilder CFD	Stormwater	Affordable Housing	TDA Grants	Road Maintenance
<u>ASSETS</u>					
Cash and cash equivalents			\$134,998		\$116,690
Restricted cash					
Accounts receivable	\$366,004	\$152,544			
Accrued interest receivable			108		94
Prepaid items	118	481			
Total assets	\$366,122	\$153,025	\$135,106		\$116,784
<u>LIABILITIES AND FUND BALANCES</u>					
Accounts payable and accrued liabilities	\$30,672	\$4,168	\$185		
Due to other funds	115,227	74,414			
Total liabilities	145,899	78,582	185		
Fund balance					
Nonspendable	118	481			
Restricted	220,105	73,962	134,921		\$116,784
Committed					
Unassigned					
Total fund balance	220,223	74,443	134,921		116,784
Total liabilities and fund balance	\$366,122	\$153,025	\$135,106		\$116,784

Debt Service Fund		Capital Projects Funds				
Road Bonds 2014	Road Bonds 2016	Oaksprings Assessments District Improvements	Other Grants	Road Stabilization	Total	
		\$143,693	\$3,049	\$195,918	\$4,890,823	
\$620,576	\$2,522,026				3,142,602	
495	2,017	116			558,681	
					6,139	
					109,167	
<u>\$621,071</u>	<u>\$2,524,043</u>	<u>\$143,809</u>	<u>\$3,049</u>	<u>\$195,918</u>	<u>\$8,707,412</u>	
						\$207,029
						189,641
						396,670
						109,123
\$621,071	2,524,043	\$143,809	\$3,049	\$195,918	8,005,701	
					195,918	
<u>621,071</u>	<u>2,524,043</u>	<u>143,809</u>	<u>3,049</u>	<u>195,918</u>	<u>8,310,742</u>	
<u>\$621,071</u>	<u>2,524,043</u>	<u>\$143,809</u>	<u>\$3,049</u>	<u>\$195,918</u>	<u>\$8,707,412</u>	

CITY OF ORINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds				
	Gas Tax	Transportation Impact	Drainage Impact	Library	Park Dedication
Revenues					
Property tax and assessments				\$312,741	
Interest	\$2,421	\$7,023	\$6,601	901	\$6,173
Gasoline tax	461,358				
State and local grants					
Development impact fees		147,357	329,431		181,674
C.O.P.S. - State AB 3229					
NPDES revenue					
Miscellaneous	21,526	57,649			
Total revenue	485,305	212,029	336,032	313,642	187,847
Expenditures					
Current:					
Administrative services					
Parks and Recreation					
Public works and engineering	7,403	17,523	275		
Police					
Planning					
Landscaping and street maintenance					
Library services				400,376	
Capital outlay	681,112	449,200		88,652	4,787
Debt service:					
Principal					
Interest and fiscal charges					
Total expenditures	688,515	466,723	275	489,028	4,787
Excess (deficiency) of revenues over expenditures	(203,210)	(254,694)	335,757	(175,386)	183,060
Transfers in					
Transfers out					
Net transfers in (out)					
Net changes in fund balance	(203,210)	(254,694)	335,757	(175,386)	183,060
Fund balances at beginning of year	609,858	1,252,875	823,644	216,895	809,331
Fund balances at end of year	\$406,648	\$998,181	\$1,159,401	\$41,509	\$992,391

Special Revenue Funds

<u>Tree Mitigation</u>	<u>Recycling</u>	<u>Supplemental Law Enforcement (S.L.E.S.)</u>	<u>Assessment District L-42</u>	<u>Assessment District M-9</u>	<u>Assessment District M-11</u>
			\$7,601	\$10,259	\$37,829
\$50	\$1,973		6		
	604,892				
625		\$139,416			
<u>675</u>	<u>606,865</u>	<u>139,416</u>	<u>7,607</u>	<u>10,259</u>	<u>37,829</u>
	35,900				
		100,000			
			7,614	17,784	69,012
1,656					
<u>1,656</u>	<u>35,900</u>	<u>100,000</u>	<u>7,614</u>	<u>17,784</u>	<u>69,012</u>
(981)	570,965	39,416	(7)	(7,525)	(31,183)
			240	7,525	31,183
			240	7,525	31,183
(981)	570,965	39,416	233		
8,328	20,249	40,140	1		
<u>\$7,347</u>	<u>\$591,214</u>	<u>\$79,556</u>	<u>\$234</u>		

(Continued)

CITY OF ORINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds				
	Wilder CFD	Stormwater	Affordable Housing	TDA Grants	Road Maintenance
Revenues					
Property tax and assessments	\$366,004				
Interest	277	\$78	\$901		\$117
Gasoline tax					
State grant				\$60,011	
Development impact fees					
C.O.P.S. - State AB 3229					
NPDES revenue		354,538			
Miscellaneous		1,150			116,667
Total revenue	<u>366,281</u>	<u>355,766</u>	<u>901</u>	<u>60,011</u>	<u>116,784</u>
Expenditures					
Current:					
Administrative services					
Parks and Recreation					
Public works and engineering		354,554	786		
Police	129,648				
Planning			1,183		
Landscaping and street maintenance	236,653				
Library services					
Capital outlay				60,011	
Debt service:					
Principal Payment					
Interest and fiscal charges					
Total expenditures	<u>366,301</u>	<u>354,554</u>	<u>1,969</u>	<u>60,011</u>	
Excess (deficiency) of revenues over expenditures	(20)	1,212	(1,068)		116,784
Transfers in					
Transfers out					
Net transfers in (out)					
Net changes in fund balance	(20)	1,212	(1,068)		116,784
Fund balances at beginning of year	<u>220,243</u>	<u>73,231</u>	<u>135,989</u>		
Fund balances at end of year	<u><u>\$220,223</u></u>	<u><u>\$74,443</u></u>	<u><u>\$134,921</u></u>		<u><u>\$116,784</u></u>

Debt Service Funds		Capital Projects Funds				
Road Bonds 2014	Road Bonds 2016	Oaksprings Assessments District Improvements	Other Grants	Road Stabilization	Total	
\$423,554	\$1,277,470				\$2,435,458	
3,761	14,631	\$960	\$209	\$926	47,008	
					461,358	
					664,903	
					659,087	
					139,416	
					354,538	
				600,000	796,992	
427,315	1,292,101	960	209	600,926	5,558,760	
						35,900
						380,541
						229,648
						1,183
						331,063
						400,376
			217,571	1,332,666	2,835,655	
920,000					920,000	
585,141	835,937				1,421,078	
1,505,141	835,937		217,571	1,332,666	6,555,444	
(1,077,826)	456,164	960	(217,362)	(731,740)	(996,684)	
				231,395	270,343	
				(500,000)	(500,000)	
				(268,605)	(229,657)	
(1,077,826)	456,164	960	(217,362)	(1,000,345)	(1,226,341)	
1,698,897	2,067,879	142,849	220,411	1,196,263	9,537,083	
\$621,071	\$2,524,043	\$143,809	\$3,049	\$195,918	\$8,310,742	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Amended Budget	Actual	Variance
Revenues				
Gas tax	\$529,000	\$529,000	\$461,358	(\$67,642)
Interest			2,421	2,421
Miscellaneous			21,526	21,526
			<u>21,526</u>	<u>21,526</u>
Total revenue	<u>529,000</u>	<u>529,000</u>	<u>485,305</u>	<u>(43,695)</u>
Expenditures				
Current:				
Public works and engineering			7,403	(7,403)
Capital outlay	683,000	683,000	681,112	1,888
			<u>681,112</u>	<u>1,888</u>
Total expenditures	<u>683,000</u>	<u>683,000</u>	<u>688,515</u>	<u>(5,515)</u>
Excess (deficiency) of revenues over expenditures	<u>(154,000)</u>	<u>(154,000)</u>	<u>(203,210)</u>	<u>(49,210)</u>
Net changes in fund balance	<u>(\$154,000)</u>	<u>(\$154,000)</u>	<u>(203,210)</u>	<u>(\$49,210)</u>
Fund balance at beginning of year			<u>609,858</u>	
Fund balance at end of year			<u>\$406,648</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Transportation Impact Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Development impact fees	\$75,000	\$75,000	\$147,357	\$72,357
Interest			7,023	7,023
Miscellaneous			57,649	57,649
Total revenues	75,000	75,000	212,029	137,029
Expenditures:				
Current:				
Public works and engineering			17,523	(17,523)
Capital outlay	615,078	615,078	449,200	165,878
Total expenditures	615,078	615,078	466,723	148,355
Excess (deficiency) of revenues over expenditures	75,000	(540,078)	(254,694)	285,384
Net changes in fund balance	(\$540,078)	(\$540,078)	(254,694)	\$285,384
Fund balance at beginning of year			1,252,875	
Fund balance at end of year			\$998,181	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Drainage Impact Special Revenue Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Development impact fees	\$175,000	\$175,000	\$329,431	\$154,431
Interest			6,601	6,601
Total revenues	<u>175,000</u>	<u>175,000</u>	<u>336,032</u>	<u>161,032</u>
Expenditures:				
Current:				
Public works and engineering	<u>500,000</u>	<u>500,000</u>	<u>275</u>	<u>499,725</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>275</u>	<u>499,725</u>
Excess (deficiency) of revenues over expenditures	<u>(500,000)</u>	<u>(325,000)</u>	<u>335,757</u>	<u>660,757</u>
Net changes in fund balance	<u><u>(\$325,000)</u></u>	<u><u>(\$325,000)</u></u>	<u>335,757</u>	<u><u>\$660,757</u></u>
Fund balance at beginning of year			<u>823,644</u>	
Fund balance at end of year			<u><u>\$1,159,401</u></u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Library Special Revenue Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property tax and assessments	\$333,610	\$333,610	\$312,741	(\$20,869)
Interest			901	901
	<u>333,610</u>	<u>333,610</u>	<u>313,642</u>	<u>(19,968)</u>
Total revenues				
Expenditures:				
Current:				
Library services	343,815	343,815	400,376	(56,561)
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>88,652</u>	<u>11,348</u>
	<u>443,815</u>	<u>443,815</u>	<u>489,028</u>	<u>(45,213)</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(110,205)</u>	<u>(110,205)</u>	<u>(175,386)</u>	<u>(65,181)</u>
Net changes in fund balance	<u><u>(\$110,205)</u></u>	<u><u>(\$110,205)</u></u>	<u>(175,386)</u>	<u><u>(\$65,181)</u></u>
Fund balance at beginning of year			<u>216,895</u>	
Fund balance at end of year			<u><u>\$41,509</u></u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Park Dedication Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$6,173	\$6,173
Development impact fees	\$85,000	\$85,000	181,674	96,674
Total revenues	<u>85,000</u>	<u>85,000</u>	<u>187,847</u>	<u>102,847</u>
Expenditures:				
Capital outlay	405,000	405,000	4,787	400,213
Total expenditures	<u>405,000</u>	<u>405,000</u>	<u>4,787</u>	<u>400,213</u>
Excess (deficiency) of revenues over expenditures	<u>(320,000)</u>	<u>(320,000)</u>	183,060	503,060
Net changes in fund balance	<u>(\$320,000)</u>	<u>(\$320,000)</u>	183,060	<u>\$503,060</u>
Fund balance at beginning of year			<u>809,331</u>	
Fund balance at end of year			<u>\$992,391</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Tree Mitigation Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$50	\$50
Fees	\$130	\$130	625	495
Total revenues	130	130	675	545
Expenditures:				
Capital outlay			1,656	(1,656)
Total expenditures			1,656	(1,656)
Excess (deficiency) of revenues over expenditures		130	(981)	2,201
Net changes in fund balance	\$130	\$130	(981)	\$2,201
Fund balance at beginning of year			8,328	
Fund balance at end of year			\$7,347	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Recycling Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State and local	\$5,100	\$604,978	\$604,892	(\$86)
Interest			1,973	1,973
Total revenues	<u>5,100</u>	<u>604,978</u>	<u>606,865</u>	<u>1,887</u>
Expenditures:				
Current:				
Parks and recreation	10,000	\$55,000	35,900	19,100
Total expenditures	<u>10,000</u>	<u>55,000</u>	<u>35,900</u>	<u>19,100</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>549,978</u>	<u>570,965</u>	<u>20,987</u>
Net changes in fund balance	<u>(\$4,900)</u>	<u>\$549,978</u>	<u>570,965</u>	<u>\$20,987</u>
Fund balance at beginning of year			<u>20,249</u>	
Fund balance at end of year			<u>\$591,214</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Supplemental Law Enforcement (S.L.E.S.F.) Special Revenue Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
C.O.P.S. - State AB 3229	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$139,416</u>	<u>\$39,416</u>
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>139,416</u>	<u>39,416</u>
Expenditures:				
Current:				
Police	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u></u>
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u></u>
Excess (deficiency) of revenues over expenditures	<u></u>	<u></u>	<u>39,416</u>	<u>39,416</u>
Net changes in fund balance	<u></u>	<u></u>	<u>39,416</u>	<u>\$39,416</u>
Fund balance at beginning of year			<u>40,140</u>	
Fund balance at end of year			<u>\$79,556</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District L-42 Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property tax and assessments	\$7,600	\$7,600	\$7,601	\$1
Interest			6	6
Total revenues	<u>7,600</u>	<u>7,600</u>	<u>7,607</u>	<u>7</u>
Expenditures:				
Current:				
Landscaping and street maintenance	6,975	6,975	7,614	(639)
Total expenditures	<u>6,975</u>	<u>6,975</u>	<u>7,614</u>	<u>(639)</u>
Other financing sources (uses):				
Transfers in			240	240
Total other financing sources (uses)			<u>240</u>	<u>240</u>
Net changes in fund balance	<u>\$625</u>	<u>\$625</u>	233	<u>(\$392)</u>
Fund balance at beginning of year			<u>1</u>	
Fund balance at end of year			<u>\$234</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District M-9 Special Revenue Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property tax and assessments	\$11,674	\$11,674	\$10,259	(\$1,415)
Total revenues	<u>11,674</u>	<u>11,674</u>	<u>10,259</u>	<u>(1,415)</u>
Expenditures:				
Current:				
Landscaping and street maintenance	11,452	11,452	17,784	(6,332)
Total expenditures	<u>11,452</u>	<u>11,452</u>	<u>17,784</u>	<u>(6,332)</u>
Other financing sources:				
Transfers in	<u> </u>	7,550	7,525	(25)
Total other financing sources	<u> </u>	<u>7,550</u>	<u>7,525</u>	<u>(25)</u>
Net changes in fund balance	<u>\$222</u>	<u>\$7,772</u>		<u>(\$7,772)</u>
Fund balance at beginning of year			<u> </u>	
Fund balance at end of year			<u> </u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District M-11 Special Revenue Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property tax and assessments	<u>\$37,829</u>	<u>\$37,829</u>	<u>\$37,829</u>	
Total revenues	<u>37,829</u>	<u>37,829</u>	<u>37,829</u>	
Expenditures:				
Current:				
Landscaping and street maintenance	<u>91,695</u>	<u>91,695</u>	<u>69,012</u>	<u>\$22,683</u>
Total expenditures	<u>91,695</u>	<u>91,695</u>	<u>69,012</u>	<u>22,683</u>
Excess of revenues over expenditures	<u>(53,866)</u>	<u>(53,866)</u>	<u>(31,183)</u>	<u>22,683</u>
Other financing sources:				
Transfers in	<u>53,866</u>	<u>53,866</u>	<u>31,183</u>	<u>(22,683)</u>
Total other financing sources	<u>53,866</u>	<u>53,866</u>	<u>31,183</u>	<u>(22,683)</u>
Net changes in fund balance	<u> </u>	<u> </u>		<u> </u>
Fund balance at beginning of year			<u> </u>	
Fund balance at end of year			<u> </u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Wilder CFD Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property tax and assessments	\$349,523	\$349,523	\$366,004	\$16,481
Interest			277	277
Total revenues	<u>349,523</u>	<u>349,523</u>	<u>366,281</u>	<u>16,758</u>
Expenditures:				
Current:				
Police		122,000	129,648	(7,648)
Landscaping and street maintenance	227,523	227,523	236,653	(9,130)
Total expenditures	<u>227,523</u>	<u>349,523</u>	<u>366,301</u>	<u>(16,778)</u>
Other financing sources:				
Transfers out	(122,000)			
Total other financing sources	<u>(122,000)</u>			
Net changes in fund balance			(20)	<u>\$33,536</u>
Fund balance at beginning of year			<u>220,243</u>	
Fund balance at end of year			<u>\$220,223</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Stormwater Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$78	\$78
NPEDES revenue	\$346,772	\$346,772	354,538	7,766
			<u>1,150</u>	<u>1,150</u>
Total revenues	<u>346,772</u>	<u>346,772</u>	<u>355,766</u>	<u>8,994</u>
Expenditures:				
Current:				
Public works and engineering	409,007	409,007	354,554	54,453
Total expenditures	<u>409,007</u>	<u>409,007</u>	<u>354,554</u>	<u>54,453</u>
Net changes in fund balance	<u>(\$62,235)</u>	<u>(\$62,235)</u>	1,212	<u>\$63,447</u>
Fund balance at beginning of year			<u>73,231</u>	
Fund balance at end of year			<u>\$74,443</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 Affordable Housing Special Revenue Fund
 For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest	\$200	\$200	\$901	\$701
Total Revenues	200	200	901	701
Expenditures:				
Current:				
Public works and engineering			786	(786)
Planning	2,000	2,000	1,183	817
Total expenditures	2,000	2,000	1,969	31
Excess of revenues over expenditures	(1,800)	(1,800)	(1,068)	732
Net changes in fund balance	(\$1,800)	(\$1,800)	(1,068)	\$732
Fund balance at beginning of year			135,989	
Fund balance at end of year			\$134,921	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
TDA Grants Special Revenue Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State and local grants	\$160,011	\$160,011	\$60,011	(\$100,000)
Total Revenues	160,011	160,011	60,011	(100,000)
Expenditures:				
Current:				
Capital outlay	160,011	160,011	60,011	100,000
Total expenditures	160,011	160,011	60,011	100,000
Excess of revenues over expenditures				
Net changes in fund balance				
Fund balance at beginning of year				
Fund balance at end of year				

CITY OF ORINDA
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 Road Maintenance Special Revenue Fund
 For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Rent and interest			\$117	
Interest		\$80,000	116,667	\$36,667
Total revenues		<u>80,000</u>	<u>116,784</u>	<u>36,667</u>
Net changes in fund balance		<u><u>\$80,000</u></u>	<u>116,784</u>	<u><u>\$36,667</u></u>
Fund balance at beginning of year			<u> </u>	
Fund balance at end of year			<u><u>\$116,784</u></u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Road Bonds 2014 Debt Service Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property tax and assessments	\$1,400,000	\$1,400,000	\$423,554	(\$976,446)
Interest			3,761	3,761
Total revenues	<u>1,400,000</u>	<u>1,400,000</u>	<u>427,315</u>	<u>(972,685)</u>
Expenditures:				
Debt service:				
Principal	920,000	920,000	920,000	
Interest and fiscal charges	<u>260,363</u>	<u>260,363</u>	<u>585,141</u>	<u>(324,778)</u>
Total expenditures	<u>1,180,363</u>	<u>1,180,363</u>	<u>1,505,141</u>	<u>(324,778)</u>
Excess of revenues over expenditures	<u>219,637</u>	<u>219,637</u>	<u>(1,077,826)</u>	<u>(1,297,463)</u>
Net changes in fund balance	<u>\$219,637</u>	<u>\$219,637</u>	<u>(1,077,826)</u>	<u>(\$1,297,463)</u>
Fund balance at beginning of year			<u>1,698,897</u>	
Fund balance at end of year			<u>\$621,071</u>	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Road Bonds 2016 Debt Service Fund
For the year ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Property tax and assessments			\$1,277,470	\$1,277,470
Interest			14,631	14,631
Total revenues			<u>1,292,101</u>	<u>1,292,101</u>
Expenditures:				
Debt Service:				
Principal				
Interest and fiscal charges	<u>\$1,156,380</u>	<u>\$1,156,380</u>	<u>835,937</u>	<u>320,443</u>
Total expenditures	<u>1,156,380</u>	<u>1,156,380</u>	<u>835,937</u>	<u>320,443</u>
Excess of revenues over expenditures	<u>(1,156,380)</u>	<u>(1,156,380)</u>	<u>456,164</u>	<u>1,612,544</u>
Net changes in fund balance	<u><u>(1,156,380)</u></u>	<u><u>(\$1,156,380)</u></u>	<u>456,164</u>	<u><u>\$1,612,544</u></u>
Fund balance at beginning of year			<u>2,067,879</u>	
Fund balance at end of year			<u><u>\$2,524,043</u></u>	

CITY OF ORINDA
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
 Oaksprings Assessments District Improvements Capital Projects Fund
 For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest		\$400	\$960	\$560
Total Revenues		400	960	560
Excess of revenues over expenditures		400	960	560
Net changes in fund balance		\$400	960	\$560
Fund balance at beginning of year			142,849	
Fund balance at end of year			\$143,809	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Other Grants Capital Projects Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$209	\$209
Grants	\$633,821	\$633,821		(633,821)
Total revenues	633,821	633,821	209	(633,612)
Expenditures:				
Capital outlay	398,821	698,821	217,571	481,250
Total expenditures	398,821	698,821	217,571	481,250
Net changes in fund balance	\$235,000	(\$65,000)	(217,362)	(\$152,362)
Fund balance at beginning of year			220,411	
Fund balance at end of year			\$3,049	

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Road Stabilization Capital Projects Fund
For the year ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Interest			\$926	\$926
Miscellaneous	\$600,000	\$600,000	600,000	
Total Revenues	<u>600,000</u>	<u>600,000</u>	<u>600,926</u>	<u>926</u>
Expenditures:				
Capital outlay	1,202,984	1,202,984	1,332,666	(129,682)
Total expenditures	<u>1,202,984</u>	<u>1,202,984</u>	<u>1,332,666</u>	<u>(129,682)</u>
Excess (deficiency) of revenues over expenditures	(602,984)	(602,984)	(731,740)	130,608
Other financing sources (uses)				
Transfers in	250,000	250,000	231,395	18,605
Transfers out		(500,000)	(500,000)	
Total expenditures	<u>250,000</u>	<u>(250,000)</u>	<u>(268,605)</u>	<u>18,605</u>
Net changes in fund balance	<u>(\$352,984)</u>	<u>(\$852,984)</u>	(1,000,345)	<u>\$149,213</u>
Fund balance at beginning of year			<u>1,196,263</u>	
Fund balance at end of year			<u>\$195,918</u>	

CITY OF ORINDA, CALIFORNIA
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
Information Systems	Accounts for activities related to the City's computer system and related software.
Building Maintenance	Accounts for activities related to the maintenance and capital outlays required to maintain the City facilities.
Vehicle Replacement	Accounts for activities related to the City's replacement of vehicles and motorized equipment.
Risk Management	Accounts for activities related to unfunded claims and litigation losses.

CITY OF ORINDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	Information Systems	Buildings Maintenance	Vehicle Replacement	Risk Management	Total
Assets					
Current Assets:					
Cash, cash equivalents and investments	\$292,765	\$223,492	\$218,207	\$43,030	\$777,494
Interest receivable	154	179	174	598	1,105
Prepays and deposits	8,419	103			8,522
Total Current Assets	301,338	223,774	218,381	43,628	787,121
Non-current assets:					
Capital assets, net of Accumulated depreciation		22,218	532,880		555,098
Total Assets	301,338	245,992	751,261	43,628	1,342,219
Liabilities					
Current Liabilities:					
Accounts payable	3,699			425	4,124
Accrued payroll	(26)	838			812
Total Liabilities	3,673	838		425	4,936
Net Position					
Net position:					
Net investments in capital assets		22,218	532,880		555,098
Unrestricted	297,665	222,936	218,381	43,203	782,185
Total net position	\$297,665	\$245,154	\$751,261	\$43,203	\$1,337,283

CITY OF ORINDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Information Systems	Buildings Maintenance	Vehicle Replacement	Risk Management	Total
Operating revenues:					
Charges for services	\$297,046	\$102,826	\$127,075	\$250,244	\$777,191
Other	236			29,500	29,736
Total operating revenues	297,282	102,826	127,075	279,744	806,927
Operating expenses:					
Administrative and general	38,291	73,569			111,860
Contract services	82,873				82,873
Services and supplies	34,551	22,579	473	101,508	159,111
Special department expenses	5,700			249,456	255,156
Depreciation		3,914	131,455		135,369
Total operating expenses	161,415	100,062	131,928	350,964	744,369
Operating income (loss)	135,867	2,764	(4,853)	(71,220)	62,558
Non-operating revenues (expenses):					
Investment income	1,262	1,613	1,356	3,647	7,878
Gain on disposal of capital asset			19,050		19,050
Total non-operating revenues	1,262	1,613	20,406	3,647	26,928
Income (loss) before transfers	137,129	4,377	15,553	(67,573)	89,486
Transfers:					
Transfers out				(231,395)	(231,395)
Change in net position	137,129	4,377	15,553	(298,968)	(141,909)
Net position at beginning of year	160,536	240,777	735,708	342,171	1,479,192
Net position at end of year	\$297,665	\$245,154	\$751,261	\$43,203	\$1,337,283

CITY OF ORINDA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Equipment and Information Systems	Buildings Maintenance	Vehicle Replacement	Risk Management	Total
Cash flows from operating activities:					
Cash received from department users	\$297,282	\$102,826	\$127,075	\$279,744	\$806,927
Cash payments to suppliers of goods and services	(117,084)	(21,857)	(473)	(103,112)	(242,526)
Cash payments to employees for services	(38,812)	(73,697)		(249,456)	(361,965)
Net cash provided by (used for) operating activities	<u>141,386</u>	<u>7,272</u>	<u>126,602</u>	<u>(72,824)</u>	<u>202,436</u>
Cash flows from noncapital financing					
Transfers out				(231,395)	(231,395)
Cash flows from capital and related financing activities:					
(Acquisition) of capital assets		(14,389)	(85,677)		(100,066)
Proceeds from sale of capital assets			19,050		19,050
Net cash (used for) capital and related financing activities		<u>(14,389)</u>	<u>(66,627)</u>		<u>(81,016)</u>
Cash flows from investing activities:					
Interest received on investments	1,190	1,559	2,132	3,376	8,257
Net cash provided by investing activities	<u>1,190</u>	<u>1,559</u>	<u>2,132</u>	<u>3,376</u>	<u>8,257</u>
Net increase (decreased) in cash and cash equivalents	142,576	(5,558)	62,107	(300,843)	(101,718)
Cash and cash equivalents at beginning of year	150,189	229,050	156,100	343,873	879,212
Cash and cash equivalents at end of year	<u>\$292,765</u>	<u>\$223,492</u>	<u>\$218,207</u>	<u>\$43,030</u>	<u>\$777,494</u>
Reconciliation of operating income to net cash flows provided by operating activities:					
Operating income (loss)	\$135,867	\$2,764	(\$4,853)	(\$71,220)	\$62,558
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation		3,914	131,455		135,369
Decrease in prepaid items	6,291	1,145			7,436
Increase (decreased) in accounts payable	(251)	(423)		(1,604)	(2,278)
Increase in accrued expenses	(521)				(521)
Increase in accrued payroll		(128)			(128)
Net cash provided by (used for) operating activities	<u>\$141,386</u>	<u>\$7,272</u>	<u>\$126,602</u>	<u>(\$72,824)</u>	<u>\$202,436</u>

CITY OF ORINDA, CALIFORNIA
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2018

Fund	Description
Oaksprings Assessment District Debt Service and Oaksprings Assessment District Reserve	Account for activities related to the Oaksprings Assessment District debt, reserve, and expenses.
Planning and Engineering Deposits	Accounts for deposits collected from developers and held until completion of the project.

CITY OF ORINDA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

Oaksprings Debt Service				
	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$322,539	\$11,577		\$334,116
Accounts receivable	184	278	\$184	278
Total Assets	\$322,723	\$11,855	\$184	\$334,394
Liabilities				
Due to bond holders	\$322,723	\$11,855	\$184	\$334,394
Total Liabilities	\$322,723	\$11,855	\$184	\$334,394

Oaksprings Reserve				
	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$234,785	\$1,519		\$236,304
Accounts receivable	129	189	\$129	189
Total Assets	\$234,914	\$1,708	\$129	\$236,493
Liabilities				
Due to bond holders	\$234,914	\$1,708	\$129	\$236,493
Total Liabilities	\$234,914	\$1,708	\$129	\$236,493

Planning and Engineering Deposits

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets				
Cash and cash equivalents	\$2,955,078		\$823,606	\$2,131,472
Accounts receivable	157,460	\$165,853	157,460	165,853
Total Assets	<u>\$3,112,538</u>	<u>\$165,853</u>	<u>\$981,066</u>	<u>\$2,297,325</u>
Liabilities				
Accounts payable and accrued expenses	\$82,933	\$95,689	\$82,933	\$95,689
Deposits	3,029,605	70,164	898,133	2,201,636
Total Liabilities	<u>\$3,112,538</u>	<u>\$165,853</u>	<u>\$981,066</u>	<u>\$2,297,325</u>

Total

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets				
Cash and cash equivalents	\$3,512,402	\$13,096	\$823,606	\$2,701,892
Accounts receivable	157,460	165,853	157,460	165,853
Interest receivable	313	467	313	467
Total Assets	<u>\$3,670,175</u>	<u>\$179,416</u>	<u>\$981,379</u>	<u>\$2,868,212</u>
Liabilities				
Accounts payable and accrued expenses	\$82,933	\$95,689	\$82,933	\$95,689
Deposits	3,029,605	70,164	898,133	2,201,636
Due to bondholders	557,637	13,563	313	570,887
Total Liabilities	<u>\$3,670,175</u>	<u>\$179,416</u>	<u>\$981,379</u>	<u>\$2,868,212</u>

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STATISTICAL SECTION

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CITY OF ORINDA, CALIFORNIA
STATISTICAL SECTION
FISCAL YEAR ENDED JUNE 30, 2018

This part of the City of Orinda's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	130-133
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Revenue Capacity

These schedules contain information to help the reader assess the City's ability to generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	134-138
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Debt Capacity

These schedules contain 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.	140-144
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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.	146
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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.	147-150
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The fiscal year 2013 report was the City's first Comprehensive Annual Financial Report, therefore information is available beginning with the year ended June 30, 2013 for the financial trend schedules.

City of Orinda
 Net Position By Component
 Five Fiscal Years*
 Fiscal year ended June 30, 2018
 (Accrual basis of accounting)

	2014	2015	2016	2017	2018
Primary government:					
Governmental activities:					
Net Investment in capital assets	\$ 40,022,920	\$ 31,242,089	\$ 42,026,180	\$ 49,771,041	\$ 52,843,727
Restricted	6,693,791	17,424,073	7,753,790	9,768,262	10,697,044
Unrestricted	8,394,982	9,622,488	10,916,822	6,621,778	8,723,981
Total primary government	\$ 55,111,693	\$ 58,288,650	\$ 60,696,792	\$ 66,161,081	\$ 72,264,752

Source: City of Orinda Finance Department.
 The City has no Business Type activities to report.

*The City of Orinda prepared its first CAFR for the fiscal year ended June 30, 2013

City of Orinda
Changes in Net Position
Five Fiscal Years*
Fiscal year ended June 30, 2018
(Accrual basis of accounting)

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
General Government	\$ 2,125,066	\$ 2,709,476	\$ 2,593,399	\$ 2,299,303	\$ 2,336,578
Police Services	3,777,584	3,938,840	4,027,414	4,102,948	4,175,273
Public works and engineering	4,079,063	3,520,175	4,972,953	2,919,281	3,946,827
Parks, recreation and library	2,661,469	3,331,865	3,519,154	3,677,620	3,997,130
Planning	746,236	894,001	1,011,480	908,403	879,871
Interest on bonds payable	379,260	496,430	767,185	721,750	1,559,887
Total governmental activities	13,768,678	14,890,787	16,891,585	14,629,305	16,895,566
Program Revenues					
Governmental activities:					
Charges for services:					
General government	42,302	724,694	-	-	-
Police Services	136,247	127,821	163,897	128,437	160,729
Public works and engineering	2,010,224	1,672,036	2,215,638	1,779,708	1,662,106
Parks, recreation and library	2,089,129	2,272,615	2,426,005	2,364,387	3,262,864
Planning	980,002	980,448	1,318,350	1,039,671	1,237,921
Operating grants and contributions	936,273	431,776	1,254,815	168,031	902,369
Capital grants and contributions	1,615,848	2,171,109	795,526	2,904,294	756,620
Total governmental activities	7,810,025	8,380,499	8,174,231	8,384,528	7,982,609
Net revenues (expenses):	(5,958,653)	(6,510,288)	(8,717,354)	(6,244,777)	(8,912,957)
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property taxes	5,227,355	5,686,724	6,123,408	7,648,593	8,633,632
Sales taxes	2,071,438	2,067,331	2,121,297	2,106,881	2,281,872
Franchise taxes	1,009,114	1,034,647	1,082,218	1,118,568	1,139,414
Transfer taxes	235,119	316,208	250,992	262,260	316,381
Transient occupancy tax	-	-	-	-	58,658
Shared intergovernmental revenues	7,605	7,994	7,510	-	-
Interest income	117,578	168,378	225,216	282,691	561,504
Unrealized gain (loss) on sale of assets	(10,345)	(10,550)	27,411	-	-
Miscellaneous	411,858	416,513	154,494	290,073	2,403,087
Total governmental activities	9,069,722	9,687,245	9,992,546	11,709,066	15,394,548
Changes in net assets	3,111,069	3,176,957	1,275,192	5,464,289	6,481,591

*The City of Orinda prepared its first CAFR for the fiscal year ended June 30, 2013

City of Orinda
Fund Balances, Governmental Funds
Five Fiscal Years*
Fiscal year ended June 30, 2018
(Modified accrual basis of accounting)

	2014	2015	2016	2017	2018
General Fund:					
Non-Spendable	\$ 119,037	\$ -	\$ 99,088	\$ 98,306	\$ 49,122
Restricted	-	-	-	-	-
Committed	-	-	-	5,532,561	5,586,807
Assigned	-	-	-	695,539	1,895,656
Unassigned	7,590,562	7,972,055	9,204,680	612,209	1,434,723
Total general fund	7,709,599	7,972,055	9,303,768	6,938,615	8,966,308
All Other Governmental Funds:					
Non-Spendable	\$ -	\$ -	\$ 5,339	\$ 4,490	\$ 109,123
Restricted	5,554,221	17,424,073	13,322,144	44,485,762	36,049,717
Committed	155,594	-	-	1,196,263	969,165
Assigned	-	-	-	-	-
Unassigned	-	-	(460)	(729,717)	-
Total all other governmental funds	5,709,815	17,424,073	13,327,023	44,956,798	37,128,005
Total all governmental funds	\$ 13,419,414	\$ 25,396,128	\$ 22,630,791	\$ 51,895,413	\$ 46,094,313

*The City of Orinda prepared its first CAFR for the fiscal year ended June 30, 2013

City of Orinda
Changes in Fund Balances, Governmental Funds
Five Fiscal Years*
Fiscal year ended June 30, 2018
(Modified accrual basis of accounting)

	2014	2015	2016	2017	2018
Revenues:					
Taxes and assessments	\$ 9,092,586	\$ 10,411,611	\$ 11,665,853	\$ 11,858,635	\$ 13,197,191
Licenses, permits and fees	1,043,059	920,153	1,375,557	1,364,512	1,366,535
Fines and forfeitures	111,785	127,821	92,549	95,347	110,859
Intergovernmental	3,153,262	3,438,680	2,638,744	3,697,094	2,431,226
Use of money and property	150,931	149,198	241,144	173,572	553,626
Charges for services	2,917,662	2,587,144	3,112,393	2,505,242	3,306,755
Other revenues	390,722	424,507	162,004	390,992	2,403,087
Total revenues	16,860,007	18,059,114	19,288,244	20,085,394	23,369,279
Expenditures:					
General Government	1,907,113	1,834,515	2,047,563	2,016,142	1,910,182
Police Services	3,783,388	3,959,757	4,033,935	4,112,216	4,196,825
Public works and engineering	1,402,895	2,808,965	2,913,730	4,108,748	2,061,156
Parks and recreation	2,156,909	2,386,392	2,557,929	2,761,601	2,947,811
Planning	795,674	903,543	1,007,036	922,311	911,161
Special districts	378,606	-	-	339,516	331,063
Library operations	324,230	350,263	341,982	299,905	440,347
Capital improvements	3,511,348	2,845,381	8,334,648	12,968,798	13,655,958
Bond Issuance	-	136,770	-	-	-
Debt Service:					
Interest on bonds payable & fiscal charges	379,260	369,660	439,759	858,822	1,727,271
Principle payment on bonds	240,000	250,000	8,345,000	1,360,000	1,220,000
Total expenditures	14,879,423	15,845,246	30,021,582	29,748,059	29,401,774
Reconciliation of Governmental Revenues					
Less Expenditures to Fund Equity:					
Revenues over (under) expenditures	1,980,584	2,213,868	(10,733,338)	(9,662,665)	(6,032,495)
Other financing sources (uses):					
Transfers in	1,667,208	571,703	416,357	2,782,818	2,870,343
Transfers out	(1,679,208)	(1,171,703)	(616,357)	(2,782,818)	(2,638,948)
Proceeds from long-term debt	-	10,000,000	7,945,000	35,000,000	-
Premium on bonds issued	-	362,848	223,001	2,908,926	-
Total other financing sources (uses)	(12,000)	9,762,848	7,968,001	37,908,926	231,395
Net change in fund balances	\$ 1,968,584	\$ 11,976,716	\$ (2,765,337)	\$ 28,246,261	\$ (5,801,100)
Debt service as a percentage of noncapital expenditures	5.45%	4.77%	40.51%	13.22%	18.72%

*The City of Orinda prepared its first CAFR for the fiscal year ended June 30, 2013

Source: City of Orinda Finance Department

City of Orinda
Assessed Value of Taxable Property
For the last ten fiscal years

	<u>Secured</u>	<u>Unsecured</u>	<u>Less:</u> <u>Exemptions</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Total Direct</u> <u>Tax Rate</u>
FY 2008-09	\$ 4,552,914,811	\$ 40,004,855	\$ 63,423,035	\$ 4,529,496,631	7.3740%
FY 2009-10	4,800,028,431	40,507,516	63,720,828	4,776,815,119	7.3740%
FY 2010-11	4,790,245,512	44,493,532	74,744,008	4,759,995,036	7.3730%
FY 2011-12	4,643,266,577	44,003,251	74,055,238	4,613,214,590	7.3730%
FY 2012-13	4,685,090,422	51,140,896	73,427,772	4,662,803,546	7.3720%
FY 2013-14	4,973,624,380	43,870,136	75,486,075	4,942,008,441	7.3270%
FY 2014-15	5,451,859,224	31,430,055	96,238,114	5,387,051,165	7.3670%
FY 2015-16	5,904,386,501	28,225,803	97,482,835	5,835,129,469	7.3680%
FY 2016-17	6,222,416,276	34,227,058	99,065,221	6,157,578,113	7.3680%
FY 2017-18	6,563,379,892	31,674,579	100,972,956	6,494,081,515	7.3680%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Contra Costa County Assessor 2008/09 - 2017/18 Combined Tax Rolls

City of Orinda
Direct and Overlapping Debt
As of June 30, 2018

City Assessed Valuation		\$ 6,494,081,515	
	Percentage Applicable (1)	Outstanding Debt 6/30/2018	Estimated Share of Overlapping Debt
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Bay Area Rapid Transit District	3.387%	\$ 347,167,424	11,758,013
Contra Costa Community College District	3.399%	538,665,000	18,309,423
Acalanes Union High School District	19.489%	299,074,196	58,287,418
Lafayette School District	0.179%	68,775,000	123,295
Moraga School District	0.031%	17,980,000	5,577
Orinda Union School District	99.284%	10,415,075	10,340,509
East Bay Regional Park District	3.387%	81,146,842	2,748,316
City of Orinda General Obligation Bonds	100.000%	42,700,000	42,700,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			144,272,551
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Contra Costa County General Fund Obligations	3.387%	505,238,250	17,111,622
Moraga Orinda Fire Pension Obligation Bonds	61.089%	14,105,000	8,616,577
City of Orinda Certificates of Participation	100.000%	7,040,000	7,040,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			32,768,199
TOTAL DIRECT DEBT			49,740,000
TOTAL GROSS OVERLAPPING DEBT			177,040,750
TOTAL NET OVERLAPPING DEBT			127,300,750

- (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 by the district's total taxable assessed value. Includes debt repaid through voter approved tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations and certificates of participation unless provided by the City.

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

City of Orinda
 Top Ten Principal Property Tax Payers
 Current Year and Nine Years Ago

Assessed Valuation Level	FY 2017-18			FY 2008-09		
	Taxable Assessed Value	Rank	% of Total	Taxable Assessed Value	Rank	% of Total
OG Property Owner, LLC	\$ 42,113,183	1	0.64%			
Orinda Dunhill, LLC	32,404,793	2	0.50%			
Davidon Homes	31,735,340	3	0.49%			
Taylor Morrison of CA	29,884,133	4	0.46%			
Pine Grove, LLC	29,429,525	5	0.45%			
Orinda Country Club	10,274,355	6	0.16%			
Kara Singleton Dille Trust	8,465,000	7	0.13%			
25 Orinda Way	8,450,000	8	0.13%			
J and M Altarinda LLC	7,956,000	9	0.12%			
Scott C and Lisa A Kovalik Trust	7,604,281	10	0.12%			
OG Property Owner, LLC				\$ 41,200,662	1	0.90%
GLL BVK Properties LP				29,580,000	2	0.65%
R Jacobs Family LP				29,054,287	3	0.64%
Charles H. Esserman Trust				10,860,763	4	0.24%
Orinda Country Club				10,511,389	5	0.23%
Axa Rosenberg Group LLC				9,963,490	6	0.22%
Scott C. and Lisa A. Kovalik Trust				8,614,157	7	0.19%
Michael J. Novogradac Trust				8,177,347	8	0.18%
Petra Michel				6,415,845	9	0.14%
John H. and Wendy Lou Hammergren				6,050,795	10	0.13%
Total	<u>\$ 208,316,610</u>		<u>3.20%</u>	<u>\$ 160,428,735</u>		<u>3.52%</u>

Source: Contra Costa County Assessor 2017/18 and 2008/09 Combined Tax Rolls

City of Orinda
 Schedule of Top 25 Principal Sales Tax Remitters
 Current year and Five Years Ago

(listed in alphabetical order)

2018 (represents 74.4% of total sales tax)	2013* (represents 79.31% of total sales tax)
76 Orinda	Barbacoa Restaurant
Beverages & More	Beverages & More
Casa Orinda Restaurant	Casa Orinda Restaurant
Chevron Service Station	Chevron Service Station
CVS Pharmacy	CVS Pharmacy
Energy Comm	Energy Comm
Europa Hofbrau, Deli & Pub	Europa Hofbrau, Deli & Pub
Fourth Bore Tap Room & Grill	Insight Resource Group
Hyundai Corporation USA	Juvenon
Maria Tenaglia Design	La Pizza Restaurant
Mayamexican Grill	Maria Tenaglia Architecture
McCaulou's Department Store	McCaulou's Department Store
McDonnell Moraga Nursery	McDonnell Moraga Nursery
Morrison's Jewelers	Nations Giant Hamburgers
Nations Giant Hamburgers	Orinda Country Club
Orinda Country Club	Orinda Hardware
Orinda Hardware & Rental	Orinda Motors
Orinda Motors	P & M Window Company
Orinda Shell	Rite Aid Drug Store
P & M Window Company	Safeway Stores
Rite Aid Drug Store	Shell Service Stations
Safeway Stores	Siam Orchid Thai Restaurant
Siam Orchid Thai Restaurant	Table 24
Village Inn Café	Union 76 Service Station
Wild Magnolia	Village Inn Café

*The City of Orinda prepared its first CAFR for the fiscal year ended June 30, 2013
 Therefore, a comparison is only provided for the years data was available

Note: The lists are arranged in alphabetical order which is a requirement under California law for
 Retail Sales Tax information. Disclosure of actual sales tax by permittee is also confidential.

Source: State Board of Equalization

City of Orinda
Property Tax Levies and Collections
For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 3,134,745	\$ 3,134,745	100%	-	\$ 3,134,745	100%
2010	3,472,332	3,472,332	100%	-	3,472,332	100%
2011	3,495,089	3,495,089	100%	-	3,495,089	100%
2012	3,385,663	3,085,663	100%	-	3,085,663	100%
2013	3,442,461	3,442,461	100%	-	3,442,461	100%
2014	3,748,789	3,748,789	100%	-	3,748,789	100%
2015	4,082,388	4,082,388	100%	-	4,082,388	100%
2016	4,424,432	4,424,432	100%	-	4,424,432	100%
2017	4,656,163	4,656,163	100%	-	4,656,163	100%
2018	4,933,170	4,933,170	100%	-	4,933,170	100%

Note: Amounts are reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.

Source: Contra Costa County Auditor-Controller's Office

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City of Orinda
 Direct and Overlapping Tax Rates
 For the last ten fiscal years
 (Rate per \$100 of assessed value)

	City Direct Rates		Overlapping Rates			
	Basic Rate	Total Direct	Acalanes Union	BART Bond	CCC Community College	East Bay Regional Park Bond
FY 2008-09	1.00000	1.00000	0.02890	0.00900	0.00660	0.01000
FY 2009-10	1.00000	1.00000	0.02980	0.00570	0.01260	0.01080
FY 2010-11	1.00000	1.00000	0.03110	0.00310	0.01330	0.00840
FY 2011-12	1.00000	1.00000	0.03330	0.00410	0.01440	0.00710
FY 2012-13	1.00000	1.00000	0.03330	0.00430	0.00870	0.00510
FY 2013-14	1.00000	1.00000	0.03610	0.00750	0.01330	0.00780
FY 2014-15	1.00000	1.00000	0.03500	0.00450	0.02520	0.00850
FY 2015-16	1.00000	1.00000	0.03320	0.00260	0.02200	0.00670
FY 2016-17	1.00000	1.00000	0.03230	0.00800	0.01200	0.00320
FY 2017-18	1.00000	1.00000	0.03250	0.00840	0.01140	0.00210

Note: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds.

The City of Orinda 1% share is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF tax shifts may not be included in ratio.

Source: Contra Costa County Assessor 2008/09 - 2017/18 Tax Rate Table and HdL Coren & Cone

Overlapping Rates

Lafayette Elementary <u>Bond</u>	Moraga Elementary <u>Bond</u>	Orinda Elementary <u>Bond</u>	Orinda Roads <u>Bond</u>	Total Tax <u>Rate</u>	City's Share of 1% Levy <u>Per Prop 13</u>
0.03300	0.03090	0.02470		1.14310	0.07411
0.03260	0.03020	0.02360		1.14530	0.07411
0.03260	0.03110	0.02440		1.14400	0.07411
0.02790	0.03120	0.02740		1.14540	0.07411
0.02840	0.02790	0.02730		1.13500	0.07411
0.02670	0.02640	0.02550		1.14330	0.07393
0.02410	0.02430	0.02320	0.01300	1.15780	0.07393
0.02090	0.02290	0.01900	0.01850	1.14580	0.07391
0.04370	0.02240	0.01650	0.01690	1.15500	0.07391
0.04190	0.04830	0.01440	0.02500	1.18400	0.07391

City of Orinda
Outstanding Debt
For the last ten fiscal years

Fiscal Year Ending June	<u>General Obligation Bonds</u>		<u>CERTIFICATES OF PARTICIPATION</u>		% of Total Outstanding Debt Personal Income
	Debt Outstanding (1), (2)	Debt Per Capita	Debt Outstanding (3)	Debt Per Capita	
2009	-	-	\$ 9,605,000	554	0.7%
2010	-	-	9,405,000	538	0.7%
2011	-	-	9,195,000	521	0.6%
2012	-	-	8,980,000	506	0.7%
2013	-	-	8,755,000	491	0.7%
2014	-	-	8,520,000	474	0.6%
2015	\$ 10,000,000	\$ 551	8,280,000	456	1.3%
2016	9,685,000	519.39	7,945,000	426	1.1%
2017	43,620,000	2,315.53	7,650,000	406	3.2%
2018	42,700,000	2,224.07	7,040,000	367	2.8%

Notes:

(1) In March 2015, the City issued General Obligation Bonds in the amount of \$10 million. The bonds were Series A of an aggregate voter authorized amount of \$20 million (2014 Road Bonds)

(2) In April 2017 the City issued Series B \$10 million the final authorization of the 2014 Road Bonds and also issued \$25 million authorized by the voters under the 2016 Road Bonds.

(3) In September 2005 \$9.8 million of Certificates of Participation were issued to fund City Offices. In July of 2015 Refunding Certificates of Participation were issued in the amount of \$7,945,000. The Refunding COP's fully retired the outstanding 2005 COP's.

Source: City of Orinda Finance Department, Population - California Department of Finance
2008-2009 Income - ESRI - Demographic Estimates
2010 and later Income - US Census Bureau

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City of Orinda
 Legal Debt Margin Information
 For the last ten fiscal years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Value Secured	\$ 4,528,868,045	\$ 4,775,376,797	\$ 4,762,300,926	\$ 4,615,128,899
Conversion Percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted Assessed Value	1,132,217,011	1,193,844,199	1,190,575,232	1,153,782,225
Debt Limit Percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt Limit	169,832,552	179,076,630	178,586,285	173,067,334
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 169,832,552</u>	<u>\$ 179,076,630</u>	<u>\$ 178,586,285</u>	<u>\$ 173,067,334</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%

Note: The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time the legal debt margin was enacted by the State of California for local governments.

Source: City of Orinda Finance Department

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 4,656,504,710	\$ 4,942,008,441	\$ 5,387,051,165	\$ 5,835,129,469	\$ 6,172,625,746	\$ 6,537,156,590
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
1,164,126,178	1,235,502,110	1,346,762,791	1,458,782,367	1,543,156,437	1,634,289,148
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
174,618,927	185,325,317	202,014,419	218,817,355	231,473,465	245,143,372
-	-	10,000,000	9,685,000	43,620,000	42,700,000
<u>\$ 174,618,927</u>	<u>\$ 185,325,317</u>	<u>\$ 212,014,419</u>	<u>\$ 209,132,355</u>	<u>\$ 187,853,465</u>	<u>\$ 202,443,372</u>
0%	0%	4.95%	4.43%	18.84%	17.42%

City of Orinda
Demographic and Economic Statistics
For the last ten years

<u>Year</u>	<u>Population</u>	Personal Income City of Orinda (in thousands)	Per Capita Personal Income	Unemployment Rate City of Orinda	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2008	17,531	\$ 1,322,560	\$ 75,441	2.3%			
2009	17,687	1,313,255	74,250	4.0%	48.3	98.1%	77.8%
2010	17,866	1,471,069	82,339	4.3%	46.4	99.0%	78.5%
2011	17,819	1,357,148	76,163	4.0%	46.1	98.3%	77.2%
2012	17,925	1,352,119	75,432	2.6%	46.3	98.5%	77.4%
2013	18,089	1,399,166	77,349	2.3%	46.1	98.1%	78.4%
2014	18,109	1,403,900	77,525	3.0%	46.3	97.8%	77.9%
2015	18,749	1,562,879	83,357	2.4%	46.4	98.0%	78.2%
2016	18,935	1,627,772	85,966	2.1%	47.1	98.8%	79.2%
2017	19,199	1,787,130	93,084	2.2%	48.1	98.6%	80.4%

Sources: Population: California State Department of Finance
 Unemployment Data: California Employment Development Department
 2000-2009 Income, Age, and Education Data: Demographic estimates are based on the last available census. Projections are developed by incorporating all of the prior census data released to date.
 2010 and later Income, Age and Education Data: - US Census Bureau, most recent American Community Survey

City of Orinda
Capital Asset Statistics by Function
Last Nine Years

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police*									
Stations	1	1	1	1	1	1	1	1	1
Fire**									
Stations	3	3	3	3	3	3	3	3	3
Public works									
Streets (miles)	92.50	92.70	92.70	92.70	92.70	92.70	92.70	92.70	92.70
Streetlights***									
Parks and recreation									
Parks	4	4	5	5	5	5	5	5	5
Community centers	1	1	1	1	1	1	1	1	1
Public Tennis Courts	3	3	3	3	3	3	3	3	3
Water**									
Sewer**									

* Police services are provided pursuant to an agreement with the Contra Costa County Sheriffs Office

** Fire, water, and sewer services are provided by Special Districts which are separate from the City.

*** Streetlights in the City are owned and maintained by PG&E

Source: City of Orinda Finance Department

City of Orinda
 Operating Indicators by Function
 Last Fiscal Five Years
 Fiscal year ended June 30, 2018

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police*					
Arrests	204	215	154	119	107
Parking citations issued	405	1,161	1,561	2,415	1,878
Public works					
Street resurfacing (miles)	0	2.87	10.09	10.82	13.20
Encroachment permits	322	335	411	383	349
Parks and recreation					
Recreation classes (enrollment)	8,523	9,056	9,590	10,046	10,475
Facility rental hours	2,414	4,873	5,022	5,780	6,942
Sports field rental hours	6,852	8,270	9,870	9,925	10,384
Building Valuations					
Commercial/Industrial Construction	2,186,520	2,346,691	3,548,400	11,965,873	14,839,696
Residential Construction	-	40,589,805	46,297,341	54,122,263	51,818,127
Total building actions	52,042,061	42,936,496	49,845,741	66,088,137	66,657,823
Fire, Water, Sewer**					

* Police services are provided by Contra Costa County

** Fire, water, and sewer services are provided by Special Districts which are separate from the City.

Source: City of Orinda Finance Department

City of Orinda
 Full-time and Part-time City Employees by Function
 Last Five Fiscal Years
 Fiscal year ended June 30, 2018

<u>Function</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	8.10	8.10	8.35	8.35	8.62
Public Safety Non-Sworn	2.00	2.00	2.00	2.00	2.00
Public Safety Sworn*	-	-	-	-	-
Public works	11.00	11.00	12.00	12.00	12.16
Community development	4.50	4.50	6.00	6.00	6.00
Parks and recreation	10.00	10.00	10.50	10.50	14.56
Total	35.60	35.60	38.85	38.85	43.34

Note: Police services are provided by Contra Costa County

Source: City of Orinda Finance Department

City of Orinda
Principal Employers
2017-18 and Two Years Ago

Employer	FY 2017-2018			FY 2015-2016		
	Employees	Rank	Percentage of Top 10 Employment	Employees	Rank	Percentage of Top 10 Employment
Orinda Union School District	304	1	31.02%	304	1	32.07%
Orinda Country Club	180	2	18.37%	135	2	14.24%
Miramonte High School	110	3	11.22%	108	3	11.39%
Safeway	99	4	10.10%	90	4	9.49%
Moraga-Orinda Fire District	64	5	6.53%	73	5	7.70%
Orinda Convalescent Hospital	65	6	6.63%	70	6	7.38%
East Bay Municipal Utility District	49	7	5.00%	30	10	3.16%
Casa Orinda	43	8	4.39%	38	9	4.01%
City of Orinda	34	9	3.47%	40	8	4.22%
Morgan Stanley Smith Barney LLC	32	10	3.27%			
Sleepy Hollow Swim & Tennis				60	7	6.33%
Total	980		100.00%	948		100.00%

Note: the number of employees is based on permanent employees only

Source: City of Orinda Finance Department

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the City Council
City of Orinda, California

We have audited, in accordance with the 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, the basic financial statements of the City of Orinda, California, as of and for the year ended June 30, 2018, and have issued our report thereon dated January 18, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California

January 18, 2019