**NEW ISSUE – BOOK-ENTRY ONLY** 2015-0296 **RATING:**
**S&P: "AAA"**
**See "RATING".**

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

**$10,000,000**
**CITY OF ORINDA**
**(Contra Costa County, California)**
**General Obligation Bonds, Election of 2014, Series A**
**(Measure J – Road and Storm Drain Repair Project)**

**Dated: Date of Delivery** **Due: September 1, as shown on the inside cover**

**This cover page contains certain information for general reference only. It is not a summary of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not defined on this cover page have the meanings given in this Official Statement.**

The City of Orinda (the "City") General Obligation Bonds, Election of 2014, Series A (the "Bonds") are being issued under Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Government Code") of the State of California. The Bonds are being issued to finance the restoration and repair of roads and storm drains in the City (the "Project") and to pay costs of issuance of the Bonds.

The Bonds will be issued in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only in integral multiples of $5,000. Purchasers will not receive securities certificates representing their beneficial ownership interest in the Bonds purchased. Payments of principal of and interest on the Bonds will be paid by U.S. Bank National Association, as paying agent (the "Paying Agent"), to DTC or its nominee, which is obligated in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS – Form and Registration" and APPENDIX E – "BOOK-ENTRY SYSTEM".

The Bonds will be dated their date of delivery and will bear interest at the rates set forth on the inside cover. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2015, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will mature on the dates and in the amounts set forth on the inside cover. See "THE BONDS – Payment of Principal and Interest; Paying Agent".

**The Bonds will be subject to redemption prior to maturity as described in this Official Statement.** See "THE BONDS – Redemption".

The City has power and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the City, without limitation as to rate or amount (except as to certain property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS".

**See Inside Cover for**
**Maturity Schedule**

The Bonds will be offered when, as and if issued by the City and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the City, and subject to certain other conditions. Certain legal matters will be passed upon for the City by its City Attorney and by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, and for the Underwriter by Kutak Rock LLP, Denver, Colorado. It is expected that the Bonds, in book-entry form, will be available for delivery through DTC in New York, New York, on or about March 26, 2015.

STIFEL

Dated: March 12, 2015

**$10,000,000**
**CITY OF ORINDA**
**(Contra Costa County, California)**
**General Obligation Bonds, Election of 2014, Series A**
**(Measure J – Road and Storm Drain Repair Project)**

**MATURITY SCHEDULE**

| Maturity Date (September 1) | Principal Amount | Interest Rate | Yield* | CUSIP† Suffix (686237) |
|---|---|---|---|---|
| 2015 | $ 315,000 | 2.000% | 0.200% | AA6 |
| 2016 | 1,065,000 | 4.000 | 0.320 | AB4 |
| 2017 | 920,000 | 4.000 | 0.650 | AC2 |
| 2018 | 250,000 | 2.000 | 0.940 | AD0 |
| 2019 | 260,000 | 2.000 | 1.200 | AE8 |
| 2020 | 275,000 | 2.000 | 1.390 | AF5 |
| 2021 | 290,000 | 3.000 | 1.550 | AG3 |
| 2022 | 310,000 | 3.000 | 1.800 | AH1 |
| 2023 | 330,000 | 4.000 | 1.940 | AJ7 |
| 2024 | 355,000 | 4.000 | 2.050 | AK4 |
| 2025 | 380,000 | 4.000 | 2.140 | AL2 |
| 2026 | 405,000 | 4.000 | 2.440‡ | AM0 |
| 2027 | 430,000 | 2.500 | 2.740 | AN8 |
| 2028 | 455,000 | 3.000 | 3.000 | AP3 |
| 2029 | 480,000 | 3.000 | 3.160 | AQ1 |
| 2030 | 505,000 | 3.000 | 3.220 | AR9 |
| 2031 | 535,000 | 3.000 | 3.260 | AT5 |
| 2032 | 560,000 | 3.125 | 3.310 | AU2 |
| 2033 | 595,000 | 3.125 | 3.350 | AV0 |

$1,285,000 3.375% Term Bond due September 1, 2035; Yield* 3.430%; CUSIP† No. 686237 AS7

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* Reoffering prices/yields furnished by the Underwriter. The City takes no responsibility for the accuracy thereof.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2014 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

‡ Priced to par call date of September 1, 2025.

**CITY OF ORINDA, CALIFORNIA**

**CITY COUNCIL**

Steve Glazer, *Mayor*
Victoria Smith, *Vice Mayor*
Dean Orr, *Councilmember*
Eve Phillips, *Councilmember*
Amy R. Worth, *Councilmember*

**CITY OFFICIALS**

Janet Keeter, *City Manager*
Susan Mahoney, *Finance Director*
Michele Olsen, *City Clerk*

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**PROFESSIONAL SERVICES**

*Bond Counsel and Disclosure Counsel*
Orrick, Herrington & Sutcliffe LLP
San Francisco, California

*Paying Agent*
U.S. Bank National Association
San Francisco, California

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described, are intended solely as such and are not to be construed as representations of fact.

The information set forth in this Official Statement has been furnished by the City and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter. The information and expressions of opinions in this Official Statement are subject to change without notice and neither delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement. This Official Statement, including any supplement or amendment, is intended to be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system at http://www.emma.msrb.org.

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

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

The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such Act for the issuance and sale of municipal securities.

## CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement and the Appendices hereto constitute "forward-looking statements." All forward-looking statements appearing in this Official Statement are subject to known and unknown risks and uncertainties. In this respect, the words "plan," "expect," "estimate," "budget" "project," "anticipate," "intend," "believe," and similar expressions are intended to identify forward-looking statements. All projects, forecasts, assumptions, expressions of opinions, estimates, budgets and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement.

The achievement of any results or the realization of other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those forward-looking statements.

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**OFFICIAL STATEMENT**

**$10,000,000**
**CITY OF ORINDA**
**(Contra Costa County, California)**
**General Obligation Bonds, Election of 2014, Series A**
**(Measure J – Road and Storm Drain Repair Project)**

## INTRODUCTION

This Introduction is subject in all respects to the more complete information included and referred to elsewhere in this Official Statement. The offering of the City of Orinda General Obligation Bonds, Election of 2014, Series A (Measure J – Road and Storm Drain Repair Project) (the "Bonds") to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Introduction and not otherwise defined shall have the respective meanings assigned to them elsewhere in this Official Statement.

### Purpose

This Official Statement, which includes the cover page and appendices, is provided to set forth certain information concerning the offering by the City of Orinda (the "City") of its General Obligation Bonds, Election of 2014, Series A (Measure J – Road and Storm Drain Repair Project) (the "Bonds"). The City has power and is obligated to levy a*d valorem* taxes upon all property subject to taxation by the City, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS".

### The City of Orinda

The City is a general law city that was incorporated on July 1, 1985. The City is located in southwest Contra Costa County (the "County"), approximately 17 miles east of the City of San Francisco and 9.2 miles northeast of the City of Oakland. The City covers approximately 12.8 square miles and, according to the California Department of Finance, has a population of approximately 18,089 residents as of January 1, 2014.

The City is a family oriented community in a rural suburban setting surrounded by hills and nearby cities such as Berkeley, Oakland and San Francisco. The City's schools rank among the highest in the State of California. Within a 30 mile radius, the City includes 63 movie theaters, over 6,000 restaurants, 118 public golf courses, 117 libraries and 13 museums. The City also has three community parks, a historical community center and theatre and a public library, as well as a number of trails nearby. There are also many private swim clubs, four private tennis clubs and one public pool within the City. The City is the first stop on the Bay Area Rapid Transit ("BART") system after traveling through the Caldecott Tunnel.

The City has an abundance of active community groups. The Orinda Association, established in 1949, has encouraged community participation and support for a wide variety of community issues. Through their support, the City has an active volunteer program at the Orinda Volunteer Center. The Orinda Association sponsors community celebrations and service programs including Volunteer of the Year and William Penn Mott Environmental Community Awards, Seniors Around Town Ride Program, Soccer For All and the distribution of disaster preparedness kits. The Orinda Garden Club, established in 1939, encourages the interest in local flora, gardening, beautification and conservation. The Orinda Arts Council, established in 1950, is actively involved in the City's schools to support and encourage interest in the arts. The Orinda Chamber of Commerce, chartered in 1952, is an active network for local businesses and professionals. The City also has active Rotary, Masons, Boy Scouts and Girl Scouts chapters, Education Foundation, garden clubs, as well as many other vital community groups and clubs that enrich the City.

The City operates under the council-manager form of government. The City Council consists of five members elected to serve staggered four-year terms. The City Council selects the City Mayor (the "Mayor") from among its members for a one-year term and also appoints the City Manager (the "City Manager") and the City

Attorney (the "City Attorney"). The City Manager oversees the City's annual operating budget and personnel matters, and serves as the City Council's chief policy advisor. The City Attorney advises the City Council and City staff on legal affairs. For more information about the City's governance, organization and finances, see APPENDIX A – "THE CITY OF ORINDA."

## FINANCING PROGRAM

### Purpose of Issuance

The Bonds are the first 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, 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 "Project"). A portion of the proceeds of the Bonds will be applied to pay costs of issuance of the Bonds. After the issuance of the Bonds, $10,000,000 of bonds remains authorized to be issued by the City pursuant to Measure J.

### Estimated Sources and Uses

The following are the sources and estimated uses of funds in connection with the Bonds:

| | |
|---|---|
| Estimated Sources of Funds | |
| Principal Amount of Bonds | $10,000,000.00 |
| Plus Original Issue Premium | 352,848.20 |
| Total Sources | $10,352,848.20 |
| | |
| Estimated Uses of Funds | |
| Deposit to Capital Improvement Fund | $10,000,000.00 |
| Deposit to Interest and Sinking Fund | 186,157.09 |
| Underwriter's Discount | 49,900.00 |
| Costs of Issuance [1] | 116,791.11 |
| Total Uses | $10,352,848.20 |

[1] Includes legal fees, rating agency fees, financing and consulting fees, paying agent fees, printing costs, election costs, and other miscellaneous expenses relating to the issuance of the Bonds.

## THE BONDS

### Authority for Issuance

The Bonds are being issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Government Code") of the State of California, commencing with Section 53500, Resolution No. 10-15 of the City Council of the City, adopted on February 17, 2015 (the "Resolution"), and a Paying Agent Agreement, dated as of March 1, 2015 (the "Paying Agent Agreement"), by and between the City and U.S. Bank National Association, as paying agent (the "Paying Agent").

### Form and Registration of the Bonds

The Bonds will be dated their date of delivery and will bear interest at the rates set forth on the inside cover. The Bonds will be issued in fully registered form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only in integral multiples of $5,000. Purchasers will not receive securities certificates representing their beneficial ownership interest in the Bonds purchased. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC or its nominee, which is obligated

in turn to remit such principal and interest to the DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – "BOOK-ENTRY SYSTEM".

**Payment of Principal and Interest; Paying Agent**

U.S. Bank National Association, San Francisco, California, will act as Paying Agent for the Bonds. Interest on the Bonds will be payable semiannually on March 1 and September 1 of each year (each, an "Interest Payment Date") to maturity or earlier redemption, commencing September 1, 2015, at the annual rates shown on the inside cover, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the Bonds will be payable in lawful money to the person whose name appears on the Bond registration books of the Paying Agent as the owner thereof as of the close of business on the 15th day of the month immediately preceding an Interest Payment Date (the "Record Date"), whether or not such day is a business day. Each Bond authenticated on or before August 15, 2015 will bear interest from the date of delivery. Each Bond authenticated following a Record Date and prior to the following Interest Payment Date will bear interest from that Interest Payment Date. Any other Bond will bear interest from the Interest Payment Date immediately preceding its authentication; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds will mature on September 1 of each year shown on the inside cover page, and are subject to redemption prior to their respective stated maturity dates as described below. See "– Redemption" below. The principal of the Bonds will be payable in lawful money of the United States of America to the owner thereof upon the surrender thereof at maturity or earlier redemption at the office of the Paying Agent.

For so long as the Bonds are held in book-entry form by DTC or another securities depository selected by the City, payment shall be made to the registered owner of the Bonds designated by such securities depository by wire transfer of immediately available funds.

**Redemption**

***Optional Redemption***. The Bonds maturing on or prior to September 1, 2025 are not subject to redemption prior to their respective stated maturities. The Bonds maturing on or after September 1, 2026 are subject to redemption prior to their respective stated maturities, at the option of the City, from lawfully available funds, as a whole or in part on any date on or after September 1, 2025, at a redemption price equal to the principal amount thereof, without premium, together with accrued interest thereon to the date fixed for redemption (each, a "Redemption Date").

***Mandatory Redemption***. The $1,285,000 Term Bond maturing on September 1, 2035, is also subject to redemption prior to its stated maturity date, in part, by lot, from mandatory sinking fund payments, on each September 1 on or after September 1, 2034, as shown in the table below, at a redemption price equal to the principal amount thereof, without premium, together with accrued interest thereon to the Redemption Date.

| Mandatory Sinking Fund Payment Date (September 1) | Sinking Fund Payment Principal Amount |
|---|---|
| 2034 | $625,000 |
| 2035* | 660,000 |

* Maturity

***Selection of Bonds for Redemption***. If less than all of the Bonds are called for redemption, such Bonds shall be redeemed pro rata or as otherwise directed by the City. If less than all of the Bonds of any given maturity are called for redemption, the portions of such Bonds of a given maturity to be redeemed shall be determined by lot. For purposes of such selection, each maturity of Bonds shall be deemed to consist of individual Bonds of $5,000 denominations each, which may be separately redeemed.

***Notice of Redemption***. So long as DTC or its nominee is the registered owner of the Bonds, the City will mail notices of redemption to DTC not less than 20 days and not more than 60 days prior to any Redemption Date. If, for any reason, DTC or any other securities depository will not be engaged by the City with respect to some or all of the Bonds so called for redemption, the Paying Agent will give notice of any redemption of such Bonds by mail, postage prepaid, to the respective registered owners thereof at the addresses appearing on the bond registration books not less than 20 and not more than 60 days prior to the Redemption Date. See APPENDIX E – "BOOK-ENTRY SYSTEM".

The actual receipt by the owner of any Bond of such notice of redemption will not be a condition precedent to redemption of such Bond, and failure to receive such notice, or any defect in such notice, will not affect the validity of the proceedings for the redemption of such Bond or the cessation of the accrual of interest on such Bond on the Redemption Date.

***Conditional Notice; Right to Rescind Notice of Optional Redemption***. The City may provide a conditional notice of redemption to the owner of any Bond and may rescind any optional redemption for any reason on any date prior to the Redemption Date by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission will not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

***Moneys for Redemption***. Prior to or on the Redemption Date of any Bonds, there shall be available in the Interest and Sinking Fund, or held in trust for such purpose as provided by law, moneys for the purpose and sufficient to redeem, the Bonds designated in said notice of redemption. Such moneys so set aside in any such escrow fund shall be applied on or after the Redemption Date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all moneys in the Interest and Sinking Fund of the City shall be used for the purposes established and permitted by law. Any interest due on or prior to the Redemption Date shall be paid from the Interest and Sinking Fund of the City, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are moneys remaining in the Interest and Sinking Fund of the City or otherwise held in trust for the payment of the redemption price on the Bonds, said moneys shall be held in or returned or transferred to the Interest and Sinking Fund of the City for payment of any outstanding general obligation bonds of the City payable from said fund. If no such general obligation bonds of the City are at such time outstanding, said moneys shall be transferred to the General Fund of the City as provided and permitted by law.

**Defeasance of Bonds; Discharge of Paying Agent Agreement**

The City may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available moneys then on deposit in the Interest and Sinking Fund, be fully sufficient in the opinion of a certified public accountant licensed to practice in the State to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

If at any time the City pays or causes to be paid or there is otherwise paid to the owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds when due, or as described above, or as otherwise provided by law, then such Owners shall cease to be entitled to the obligation of the City to levy and collect taxes to pay the Bonds as described in the Paying Agent Agreement, and such obligation and all agreements and covenants of the City to such Owners thereunder shall thereupon be satisfied and discharged and shall terminate, except only that the City will remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of moneys on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment, provided, that the unclaimed moneys provisions described in the Paying Agent Agreement will apply in all events.

**Unclaimed Moneys**

Any moneys held by the Paying Agent for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption as provided in the Paying Agent Agreement), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the City, be repaid to the City free from the trusts created by the Paying Agent Agreement, and all liability of the Paying Agent with respect to such moneys shall thereupon cease.

**Application and Investment of Bond Proceeds**

The premium received upon the delivery of the Bonds, and all taxes collected for payment of the Bonds, will be deposited into the City's debt service fund (the "Interest and Sinking Fund"), which the City will establish and maintain as a separate account, distinct from all other funds of the City, to be withdrawn from only for the payment of principal of and interest on the Bonds.

All remaining proceeds of the sale of the Bonds are required to be deposited in the Capital Improvement Fund, which the City will establish and maintain as a separate account, distinct from all other funds of the City, to be withdrawn from only for authorized purposes of the Bonds. If the City Manager shall determine that the purposes for which the Bonds were authorized have been completed, the City shall transfer any balance in the Capital Improvement Fund to the Interest and Sinking Fund to be used for payment of debt service on the Bonds.

Amounts on deposit in the Capital Improvement Fund and the Interest and Sinking Fund may be invested at the City's discretion pursuant to law and the City's investment policy. All interest earned on any such fund will be retained in that fund. See APPENDIX G – "CITY OF ORINDA STATEMENT OF INVESTMENT POLICY."

## DEBT SERVICE SCHEDULE

**Debt Service of the Bonds**

The scheduled semi-annual principal and interest payments on the Bonds, assuming no optional redemptions prior to maturity, are shown in the following table. The City has no other general obligation bonds outstanding.

| Period Ending | Principal | Interest | Semi-Annual Debt Service | Annual Debt Service |
|---|---|---|---|---|
| 09/01/15 | $ 315,000 | $ 141,076.91* | $ 456,076.91 | $ 456,076.91 |
| 03/01/16 | - | 160,681.25* | 160,681.25 | - |
| 09/01/16 | 1,065,000 | 160,681.25† | 1,225,681.25 | 1,386,362.50 |
| 03/01/17 | - | 139,381.25 | 139,381.25 | - |
| 09/01/17 | 920,000 | 139,381.25 | 1,059,381.25 | 1,198,762.50 |
| 03/01/18 | - | 120,981.25 | 120,981.25 | - |
| 09/01/18 | 250,000 | 120,981.25 | 370,981.25 | 491,962.50 |
| 03/01/19 | - | 118,481.25 | 118,481.25 | - |
| 09/01/19 | 260,000 | 118,481.25 | 378,481.25 | 496,962.50 |
| 03/01/20 | - | 115,881.25 | 115,881.25 | - |
| 09/01/20 | 275,000 | 115,881.25 | 390,881.25 | 506,762.50 |
| 03/01/21 | - | 113,131.25 | 113,131.25 | - |
| 09/01/21 | 290,000 | 113,131.25 | 403,131.25 | 516,262.50 |
| 03/01/22 | - | 108,781.25 | 108,781.25 | - |
| 09/01/22 | 310,000 | 108,781.25 | 418,781.25 | 527,562.50 |
| 03/01/23 | - | 104,131.25 | 104,131.25 | - |
| 09/01/23 | 330,000 | 104,131.25 | 434,131.25 | 538,262.50 |
| 03/01/24 | - | 97,531.25 | 97,531.25 | - |
| 09/01/24 | 355,000 | 97,531.25 | 452,531.25 | 550,062.50 |
| 03/01/25 | - | 90,431.25 | 90,431.25 | - |
| 09/01/25 | 380,000 | 90,431.25 | 470,431.25 | 560,862.50 |
| 03/01/26 | - | 82,831.25 | 82,831.25 | - |
| 09/01/26 | 405,000 | 82,831.25 | 487,831.25 | 570,662.50 |
| 03/01/27 | - | 74,731.25 | 74,731.25 | - |
| 09/01/27 | 430,000 | 74,731.25 | 504,731.25 | 579,462.50 |
| 03/01/28 | - | 69,356.25 | 69,356.25 | - |
| 09/01/28 | 455,000 | 69,356.25 | 524,356.25 | 593,712.50 |
| 03/01/29 | - | 62,531.25 | 62,531.25 | - |
| 09/01/29 | 480,000 | 62,531.25 | 542,531.25 | 605,062.50 |
| 03/01/30 | - | 55,331.25 | 55,331.25 | - |
| 09/01/30 | 505,000 | 55,331.25 | 560,331.25 | 615,662.50 |
| 03/01/31 | - | 47,756.25 | 47,756.25 | - |
| 09/01/31 | 535,000 | 47,756.25 | 582,756.25 | 630,512.50 |
| 03/01/32 | - | 39,731.25 | 39,731.25 | - |
| 09/01/32 | 560,000 | 39,731.25 | 599,731.25 | 639,462.50 |
| 03/01/33 | - | 30,981.25 | 30,981.25 | - |
| 09/01/33 | 595,000 | 30,981.25 | 625,981.25 | 656,962.50 |
| 03/01/34 | - | 21,684.38 | 21,684.38 | - |
| 09/01/34 | 625,000 | 21,684.38 | 646,684.38 | 668,368.76 |
| 03/01/35 | - | 11,137.50 | 11,137.50 | - |
| 09/01/35 | 660,000 | 11,137.50 | 671,137.50 | 682,275.00 |
| Total | $10,000,000 | $3,472,045.67 | $13,472,045.67 | $13,472,045.67 |

* Payment made from premium.
† Partial payment made from premium.

## SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

### General

Under the California State Constitution, the City has the power and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the City, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

**The Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the City pursuant to all applicable laws and Constitutional requirements, and required to be levied by the City on taxable property within the City in an amount sufficient for the timely payment of principal and interest on the Bonds. The principal of and interest on the Bonds are not payable from the general fund of the City.**

In accordance with the Paying Agent Agreement, the Finance Director will deposit in the Interest and Sinking Fund all property taxes levied by the City, collected by the County and remitted to the City for payment of the Bonds. All moneys in the Interest and Sinking Fund shall be used and withdrawn solely for the purpose of paying the principal of and interest on the Bonds as the same shall become due and payable.

### Property Tax Revenues

***Property Tax System***. Property tax revenues result from the application of the appropriate tax rate to the total assessed value of taxable property in the City. Cities levy property taxes for payment of voter-approved bonds and receive property taxes for general operating purposes as well.

Local property taxation in California is the responsibility of various City and County officers. The County Assessor computes the value of locally assessed taxable property, and upon approval of the various tax rates by the City Council, the County Treasurer-Tax Collector prepares and mails tax bills to taxpayers and collects the taxes. Taxes collected on behalf of the City are remitted to the City for deposit and safekeeping. The State Board of Equalization also assesses certain special classes of property, as described later in this section.

***Assessed Valuation of Property Within the City***. Article XIII A of the California Constitution limits the maximum amount of any ad valorem tax on real property to one percent of the "full cash value" of the property. The "full cash value" is defined as the county assessor's valuation of real property as shown on the 1975-76 tax bill or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. That "full cash value" generally reflects market value only upon a change in ownership or upon new construction. If no change in ownership has occurred, the assessed value may be increased by not more than two percent per year, or the rate of inflation, if less. Assessed valuation of a property can also be adjusted downward upon a successful taxpayer appeal, or by action of the Assessor, if the market value has declined below the most recent assessment. Section 51 of the Revenue and Taxation Code permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor's measure of the restoration of value of the damaged property. See APPENDIX A – "THE CITY OF ORINDA – CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES – Limitations on Revenues – *Article XIII A of the State Constitution*."

For assessment and tax collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and property (real or personal) for which there is a lien on real property sufficient, in the opinion of the County Assessor, to secure payment of the taxes. All other property is "unsecured" and is assessed on the "unsecured roll."

California law requires that the assessment roll be finalized by August 20 of each year.

The greater the assessed value of taxable property in the City, the lower the tax rate necessary to generate taxes sufficient to pay scheduled debt service on the Bonds. The table below shows recent history of taxable assessed valuation in the City since fiscal year 2004-05.

**CITY OF ORINDA**
**SUMMARY OF TAXABLE ASSESSED VALUATION**
**FISCAL YEAR 2004-05 THROUGH 2014-15**

| Fiscal Year | Local Secured | Unsecured | Less Exemptions | Taxable Assessed Value | Percent Change |
|---|---|---|---|---|---|
| 2004-05 | $3,454,062,993 | $47,903,238 | $56,769,404 | $3,445,196,827 | - |
| 2005-06 | 3,761,280,589 | 32,029,438 | 58,255,298 | 3,735,054,729 | 8.4% |
| 2006-07 | 4,072,187,872 | 32,691,215 | 62,313,761 | 4,042,565,326 | 8.2 |
| 2007-08 | 4,345,080,504 | 37,376,456 | 63,232,676 | 4,319,224,284 | 6.8 |
| 2008-09 | 4,552,914,811 | 40,004,855 | 63,423,035 | 4,529,496,631 | 4.9 |
| 2009-10 | 4,800,028,431 | 40,507,516 | 63,720,828 | 4,776,815,119 | 5.5 |
| 2010-11 | 4,790,245,512 | 44,493,532 | 74,744,008 | 4,759,995,036 | -0.4 |
| 2011-12 | 4,643,266,577 | 44,003,251 | 74,055,238 | 4,613,214,590 | -3.1 |
| 2012-13 | 4,685,090,422 | 51,140,896 | 73,427,772 | 4,662,803,546 | 1.1 |
| 2013-14 | 4,973,624,380 | 43,870,136 | 75,486,075 | 4,942,008,441 | 6.0 |
| 2014-15 | 5,355,621,110 | 31,430,055 | N/A [1] | 5,387,051,165 | 9.0 |

[1] Information not available for fiscal year 2014-15.
*Source*: City of Orinda, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014 for fiscal years 2004-05 through 2013-14; California Municipal Statistics, Inc. for fiscal year 2014-15.

***Taxation of State-Assessed Utility Property***. Under the State Constitution, the State Board of Equalization assesses property of State-regulated transportation and communications utilities, including railways, telephone and telegraph companies, and companies transmitting or selling gas or electricity. The Board of Equalization also is required to assess pipelines, flumes, canals and aqueducts lying within two or more counties. There is currently no State-assessed utility property in the City. The value of property assessed by the Board of Equalization is allocated by a formula to local jurisdictions in the county and taxed by the local county tax officials in the same manner as for locally assessed property. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as often occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in a city to non-utility companies will increase the assessed value of property in the city, since the property's value will no longer be divided among all taxing jurisdictions in the county. The transfer of property located and taxed in a city to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the city, as the value is shared among the other jurisdictions in the county. The City is unable to predict future transfers of property located and taxed in the City to a State-assessed utility, the impact of such transfer on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the City.

***Assessed Valuation by Land Use***. The following table gives a distribution of taxable property located in the City by principal purpose for which the land is used, and the assessed valuation and number of parcels for each use.

**CITY OF ORINDA**
**ASSESSED VALUATION AND PARCELS BY LAND USE**
**FISCAL YEAR 2014-15**

| | 2014-15 Assessed Valuation [1] | % of Total | No. of Parcels | % of Total |
|---|---|---|---|---|
| Non-Residential: | | | | |
| Commercial | $131,131,401 | 2.45% | 65 | 0.86% |
| Vacant Commercial | 692,070 | 0.01 | 3 | 0.04 |
| Industrial | 1,468,591 | 0.03 | 1 | 0.01 |
| Recreational | 13,518,793 | 0.25 | 11 | 0.15 |
| Government/Social/Institutional | 2,706,651 | 0.05 | 112 | 1.49 |
| Miscellaneous | 1,515,474 | 0.03 | 25 | 0.33 |
| Subtotal Non-Residential | $151,032,980 | 2.82% | 217 | 2.88% |
| Residential: | | | | |
| Single Family Residence | $4,956,044,172 | 92.54% | 6,492 | 86.08% |
| Condominium/Townhouse | 81,680,750 | 1.53 | 183 | 2.43 |
| 2-4 Residential Units | 5,037,588 | 0.09 | 7 | 0.09 |
| 5+ Residential Units/Apartments | 740,000 | 0.01 | 1 | 0.01 |
| Vacant Residential | 161,085,620 | 3.01 | 642 | 8.51 |
| Subtotal Residential | $5,204,588,130 | 97.18% | 7,325 | 97.12% |
| Total | $5,355,621,110 | 100.00% | 7,542 | 100.00% |

[1] Local Secured Assessed Valuation; excluding tax-exempt property
*Source*: California Municipal Statistics, Inc.

***Largest Taxpayers in the City***. The ten taxpayers in the City with the greatest combined assessed valuation of taxable property on the 2014-15 tax roll, and the assessed valuations, are shown in the following table. The more property (by assessed value) owned by a single taxpayer, the more exposure of tax collections to weakness in that taxpayer's financial situation and ability or willingness to pay property taxes. In 2014-15, no single taxpayer owned more than 2.51% of the total taxable property in the City. Each taxpayer listed is a unique name listed on the tax rolls. The City cannot determine from County assessment records whether individual persons, corporation or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table.

**CITY OF ORINDA**
**TEN LARGEST LOCAL SECURED TAXPAYERS**
**FISCAL YEAR 2014-15**

| | Property Owner | Land Use | 2014-15 Assessed Valuation | % of Total [1] |
|---|---|---|---|---|
| 1. | OG Property Owner LLC [2] | Residential Development | $134,316,797 | 2.51% |
| 2. | Pulte Home Corporation | Residential Properties | 39,748,279 | 0.74 |
| 3. | GLL BVK Properties LP | Commercial | 27,172,000 | 0.51 |
| 4. | Pine Grove LLC | Office Building | 22,881,100 | 0.43 |
| 5. | Orinda Country Club | Country Club | 10,274,467 | 0.19 |
| 6. | Name Omitted [3] | Residential | 7,154,572 | 0.13 |
| 7. | Name Omitted [3] | Residential | 6,856,130 | 0.13 |
| 8. | Stein Way Development Group | Residential Properties | 6,493,746 | 0.12 |
| 9. | Name Omitted [3] | Residential | 6,483,465 | 0.12 |
| 10. | Name Omitted [3] | Residential | 6,330,285 | 0.12 |

[1] 2014-15 Local Secured Assessed Valuation: $5,355,621,110
[2] Wilder Ranch development, consisting of 245 units on 1,572 acres.
[3] The names of individual taxpayers are not provided to respect homeowner confidentiality.
*Source*: California Municipal Statistics, Inc.

***Property Tax Rates***. The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property in that year. (Unsecured property is taxed at the secured property tax rate from the prior year.) Property values could be reduced by factors beyond the City's control, such as a depressed real estate market due to general economic conditions in the San Francisco Bay Area. See "INVESTMENT CONSIDERATIONS – *Seismic Risks*" discussed below.

Other local agencies can also impose *ad valorem* taxes on property owners in the City, generally for outstanding voter-approved general obligation debt. One factor in the ability of taxpayers to pay additional taxes for general obligation bonds is the cumulative rate of tax of all such obligations. The following table shows several years' history of *ad valorem* property tax rates for all taxing agencies in Tax Rate Area 18-1, which contains approximately 89.09% of the total assessed value of property in the City.

**CITY OF ORINDA**
**TYPICAL TAX RATE PER $100 ASSESSED VALUATION**
**(TRA 18-1)**

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|---|---|---|---|---|
| Countywide | 1.0000 | 1.0000 | 1.0000 | 1.0000 | 1.0000 |
| Bay Area Rapid Transit District | .0031 | .0041 | .0043 | .0075 | .0045 |
| Contra Costa Community College District | .0133 | .0144 | .0087 | .0133 | .0252 |
| Acalanes Union High School District | .0311 | .0333 | .0333 | .0361 | .0350 |
| Orinda Elementary School District | .0244 | .0274 | .0273 | .0255 | .0232 |
| East Bay Regional Park District | .0084 | .0071 | .0051 | .0078 | .0085 |
| City of Orinda [1] | - | - | - | - | .0130 |
| Total | 1.0803 | 1.0863 | 1.0787 | 1.0902 | 1.1094 |

[1] Tax levied pursuant to Measure J.
*Source*: California Municipal Statistics, Inc.

***Tax Collections and Delinquencies***. A city's share of the 1% countywide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in Fiscal Year 1978-79, as adjusted according to a complex web of statutory modifications enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness, including the Bonds, are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

The County Treasurer-Tax Collector prepares the property tax bills. Property taxes on the regular secured assessment roll are due in two equal installments: the first installment is due on November 1, and becomes delinquent after December 10. The second installment is due on February 1 and becomes delinquent after April 10. If taxes are not paid by the delinquent date, a ten-percent penalty attaches. If taxes remain unpaid by June 30, the tax is deemed to be in default. Penalties then begin to accrue at the rate of 1.5% per month. The property owner has the right to redeem the property by paying the taxes, accrued penalties, and costs within five years of the date the property went into default. If the property is not redeemed within five years, it is subject to sale at a public auction by the County Treasurer-Tax Collector.

Annual bills for property taxes on the unsecured roll are generally issued in July, are due in a single payment within 30 days, and become delinquent after August 31. A ten-percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue on November 1. The date on which taxes on supplemental assessments are due depends on when the supplemental tax bill is mailed. To collect unpaid taxes, the County Treasurer-Tax Collector may obtain a judgment lien upon and cause the sale of all property owned by the taxpayer in the County, and may seize and sell personal property, improvements and

possessory interests of the taxpayer. The County Treasurer-Tax Collector may also bring a civil suit against the taxpayer for payment.

The following table shows a recent history of real property tax collections and delinquencies in the City.

**CITY OF ORINDA**
**SECURED TAX CHARGES AND DELINQUENCIES**
**FISCAL YEAR 2005-06 THROUGH 2013-14**

| Fiscal Year | Secured Tax Charge [1] | Amount Delinquent [2] | % Delinquent [2] |
|---|---|---|---|
| 2005-06 | $2,664,981.28 | $ 50,201.32 | 1.88% |
| 2006-07 | 2,894,644.24 | 98,377.24 | 3.40 |
| 2007-08 | 3,078,199.56 | 147,513.52 | 4.79 |
| 2008-09 | 3,205,921.20 | 128,076.31 | 3.99 |
| 2009-10 | 3,364,034.15 | 90,043.75 | 2.68 |
| 2010-11 | 3,359,795.77 | 57,699.62 | 1.72 |
| 2011-12 | 3,292,471.73 | 89,452.28 | 2.72 |
| 2012-13 | 3,266,056.81 | 31,671.59 | 0.97 |
| 2013-14 | 3,494,741.15 | 29,550.94 | 0.85 |

[1] 1% General Fund apportionment.
[2] As of June 30 of each respective fiscal year.
*Source*: California Municipal Statistics, Inc.

***Teeter Plan***. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, the County distributes to each participating local tax-levying agency, including cities, the amount levied on the secured and supplemental tax rolls, instead of the amount actually collected. In return, the County receives and retains delinquent payments, penalties and interest as collected, that would have been due the local agency in the absence of the Teeter Plan. The City has elected to participate in the Teeter Plan. Consequently, the tax levy for payment due with respect to the Bonds will not be adjusted for tax payment delinquencies.

***Direct and Overlapping Debt***. The following table was prepared by California Municipal Statistics, Inc., and is included for general information purposes only. The City has not reviewed this table for completeness or accuracy and makes no representations in connection therewith. The first column in the table names each public agency which had outstanding general obligation, assessment or Mello-Roos debt as of February 1, 2015, and whose territory overlaps the City in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the City. This percentage, multiplied by the total outstanding general obligation, assessment or Mello-Roos debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding general obligation, assessment or Mello-Roos debt to taxable property in the City.

**CITY OF ORINDA**
**DIRECT AND OVERLAPPING BONDED DEBT[1]**
**AS OF FEBRUARY 1, 2015**

2014-15 Assessed Valuation: $5,387,051,165

| OVERLAPPING TAX AND ASSESSMENT DEBT: | % Applicable | Debt 2/1/15 |
|---|---|---|
| Bay Area Rapid Transit District | 0.961% | $ 6,061,940 |
| Contra Costa Community College District | 3.470 | 15,362,482 |
| Acalanes Union High School District | 19.626 | 40,841,295 |
| Lafayette School District | 0.174 | 22,281 |
| Moraga School District | 0.023 | 1,472 |
| Orinda Union School District | 99.228 | 7,746,083 |
| East Bay Regional Park District | 1.475 | 2,619,231 |
| City of Orinda 1915 Act Bonds | 100.000 | 1,350,000 |
| California Statewide Communities Development Authority | | |
| Orinda Wilder Project Community Facilities District | 100.000 | 34,220,000 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | $108,224,784 |

Ratios to 2014-15 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..... 2.01%

[1] Direct and overlapping general fund debt is excluded from this table.
*Source*: California Municipal Statistics, Inc.

## INVESTMENT CONSIDERATIONS

The annual property tax rate for repayment of the Bonds will be based on the total assessed value of taxable property in the City and the scheduled debt service on the Bonds in each year, plus any additional amount the City elects to collect in order to manage its debt obligations and tax burdens, less any other lawfully available funds applied by the City for repayment of the Bonds. Fluctuations in the annual debt service on the Bonds, the assessed value of taxable property in the City, and the availability of such other funds in any year, may cause the annual property tax rate applicable to the Bonds to fluctuate. Issuance by the City of additional authorized bonds payable from *ad valorem* property taxes may cause the overall property tax rate to increase.

***Seismic Risks***. The assessed valuation of the City could be substantially reduced as a result of a major earthquake proximate to the City. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. They include the San Andreas fault, the Hayward fault and the Calaveras fault. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey, the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. The United States Geological Survey predicts a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and approximately $100 billion of damage. To date, the United States Geological Survey has not issued an updated report taking into account the Napa earthquake. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

***Wildland-Interface Fire Risks***. The assessed valuation of the City could also be substantially reduced as a result of wildland-interface fires. The wildland-interface area is defined as the geographical area where structures and development meet wildland or hazardous vegetation. Over 90% of the City has been designated by the State as a Very High Fire Hazard Severity Zone, which reflects the highest and most severe fire hazard rating. The City is served by the Moraga-Orinda Fire District, located adjacent to and immediately east of the communities of Berkeley and Oakland. On September 1, 1988, six homes in the City were severely damaged and three homes were completely destroyed by a wildland-interface fire. On October 20, 1991, a fire in the Oakland hills destroyed over 3,400 dwellings in Oakland and 63 homes in Berkeley, and left 25 people dead. Property within the City could sustain damage in a major wildland-interface fire and major wildland-interface fire could adversely affect the area's economic activity.

***Other Risks***. Other possible causes for a reduction in assessed values include the complete or partial destruction of taxable property caused by other natural or manmade disasters, such as flood, toxic dumping, acts of terrorism, etc., or reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

***Bankruptcy Risks***. State and Federal law permit cities in California to seek relief from creditors in bankruptcy under certain circumstances. Were the City to file for bankruptcy relief, Bondholders could experience delays or reductions in payments, loss of rights, or other adverse effects. While the California Constitution limits the disposition of proceeds of the tax levy to payment of the Bonds, the City cannot predict how a Bankruptcy court would choose to characterize the property tax levied and collected to pay the Bonds nor what, if any, adverse effects such characterization may have on the timely payment of the Bonds.

## TAX MATTERS

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

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

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

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

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, the Obama Administration's budget proposals in recent years have proposed legislation that would limit the exclusion from gross income of interest on the Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

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

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

## OTHER LEGAL MATTERS

Upon the delivery of the Bonds, Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the City, will issue its opinion approving the validity of the Bonds, the proposed form of which opinion is set forth in APPENDIX F hereto. Certain legal matters will be passed upon for the City by Orrick, Herrington & Sutcliffe LLP as Disclosure Counsel, and by the City Attorney. Orrick, Herrington & Sutcliffe LLP expresses no opinion regarding the accuracy, completeness or fairness of information contained in this Official Statement.

## PROFESSIONALS INVOLVED IN THE OFFERING

Bond Counsel and Disclosure Counsel will also receive compensation from the City contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, San Francisco, California, will act as the City's Paying Agent for the Bonds. Kutak Rock LLP is acting as Underwriter's Counsel with respect to the Bonds, and will receive compensation from the Underwriter (defined below) contingent upon the sale and delivery of the Bonds.

## ABSENCE OF LITIGATION

No litigation is pending or threatened concerning the validity of the Bonds, the ability of the City to levy the *ad valorem* tax required to pay debt service on the Bonds, the corporate existence of the City, or the entitlement to their respective offices of the officers of the City who will execute and deliver the Bonds and other documents and certificates in connection therewith. The City will furnish to the initial purchasers of the Bonds a certificate of the City as to the foregoing as of the time of the original delivery of the Bonds.

The City is routinely subject to lawsuits and claims. In the opinion of the City, the aggregate amount of the uninsured liabilities of the City under these lawsuits and claims will not materially affect the financial position or operations of the City.

## CONTINUING DISCLOSURE

The City has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the City (the "Annual Report") not later than nine months after the end of the City's Fiscal Year (which currently ends on June 30), commencing with the report for Fiscal Year 2014-15, which is due not later than April 1, 2016, and to provide notices of the occurrence of certain enumerated events. The Annual Report and any material event notices will be filed by the City with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is summarized in APPENDIX D – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the initial purchasers of the Bonds in complying with Securities and Exchange Commission Rule 15c2 12(b)(5) (the "Rule").

During the past five years, the City has not fully complied with its previous undertakings with regard to the Rule to file annual reports and material event notices:

1. The City filed its audited financial statements and operating data for fiscal year 2009-10 one day late.

2. The City filed its operating data for fiscal year 2012-13 21 days late.

3. The City filed its audited financial statements for fiscal years 2011-12 and 2012-13 with the Bloomberg Municipal Repository instead of EMMA. The City has since filed its audited financial statements for fiscal years 2011-12 and 2012-13 on EMMA.

4. In fiscal year 2009-10, the City filed an unscheduled draw event notice for its Limited Obligation Refunding Bonds Reassessment District No. 2003-1 (Oak Springs Area Refunding) more than 10 business days after the occurrence thereof.

The City has implemented procedures to assist with future compliance. The City has retained U.S. Bank National Association to serve as dissemination agent with respect to the Bonds.

## RATING

Standard & Poor's Ratings Services ("S&P") has assigned a municipal bond rating of "AAA" to the Bonds. Certain information not included in this Official Statement was supplied by the City to the rating agency to be considered in evaluating the Bonds. The rating reflects only the view of the rating agency, and any explanation of the significance of any rating may be obtained only from the S&P at www.standardandpoors.com. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision. No assurance can be given that any rating issued by the rating agency will be retained for any given period of time or that the same will not be revised or withdrawn entirely by such rating agency, if in its judgment circumstances so warrant. Any such revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Bonds. The City undertakes no responsibility to oppose any such downward revision, suspension or withdrawal.

## UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to a bond purchase agreement by and between the City and the Underwriter, dated March 12, 2015, at a price of $10,186,157.09 (consisting of $10,000,000.00 aggregate principal amount of the Bonds, plus original issue premium of $352,848.20, less an Underwriter's discount of $49,900.00 and less costs of issuance of $116,791.11). Pursuant to the bond purchase agreement, the Underwriter will purchase all of the Bonds if any are purchased, the obligation of the Underwriter to purchase the Bonds being subject to certain terms and conditions to be satisfied by the City.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices shown on the inside front cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

## MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the initial purchasers or owners and beneficial owners of any of the Bonds.

## EXECUTION AND DELIVERY

The execution and delivery of this Official Statement, including the cover page, the inside cover, and the appendices, has been duly authorized by the City.

CITY OF ORINDA

By: /s/ Janet Keeter
City Manager

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## APPENDIX A

## THE CITY OF ORINDA

*The information in this appendix concerning the operations of the City and the City's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the City. The Bonds are payable from the proceeds of an ad valorem tax approved by the voters of the City pursuant to all applicable laws and Constitutional requirements, and required to be levied by the City on taxable property within the City in an amount sufficient for the timely payment of principal and interest on the Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front section of this Official Statement.*

## FINANCIAL INFORMATION

### General

The City of Orinda (the "City") is a general law city that was incorporated on July 1, 1985. The City is located in southwest Contra Costa County (the "County"), approximately 17 miles east of the City of San Francisco and 9.2 miles northeast of the City of Oakland. The City covers approximately 12.8 square miles and, according to the California Department of Finance, has a population of approximately 18,089 residents as of January 1, 2014.

The City is a family oriented community in a rural suburban setting surrounded by hills and nearby cities such as Berkeley, Oakland and San Francisco. The City's schools rank among the highest in the State of California. Within a 30 mile radius, the City includes 63 movie theaters, over 6,000 restaurants, 118 public golf courses, 117 libraries and 13 museums. The City also has three community parks, a historical community center and theatre and a public library, as well as a number of trails nearby. There are also many private swim clubs, four private tennis clubs and one public pool within the City. The City is the first stop on the Bay Area Rapid Transit ("BART") system after traveling through the Caldecott Tunnel.

The City has an abundance of active community groups. The Orinda Association, established in 1949, has encouraged community participation and support for a wide variety of community issues. Through their support, the City has an active volunteer program at the Orinda Volunteer Center. The Orinda Association sponsors community celebrations and service programs including Volunteer of the Year and William Penn Mott Environmental Community Awards, Seniors Around Town Ride Program, Soccer For All and the distribution of disaster preparedness kits. The Orinda Garden Club, established in 1939, encourages the interest in local flora, gardening, beautification and conservation. The Orinda Arts Council, established in 1950, is actively involved in the City's schools to support and encourage interest in the arts. The Orinda Chamber of Commerce, chartered in 1952, is an active network for local businesses and professionals. The City also has active Rotary, Masons, Boy Scouts and Girl Scouts chapters, Education Foundation, garden clubs, as well as many other vital community groups and clubs that enrich the City.

### City Government

The City is a general law city and functions as a Council-Manager form of government. Under the council-manager form, authority is concentrated in the elected council, which hires a professional administrator (the "City Manager") to implement its policies. The City Council is responsible for making policy, passing ordinances, voting appropriations, and having overall supervisory authority in the city government. In such a government, the Mayor acts as a member and presiding officer of the council. The Mayor performs various ceremonial duties on behalf of the City and the City Council. There are five elected officials who serve staggered 4-year terms. Their service is voluntary, with no monetary compensation. In addition to hiring the City Manager, the City Council also hires the City Attorney who serves as the City's primary legal advisor.

**CITY OF ORINDA CITY COUNCIL**

| Name | Position | Term Expires |
|---|---|---|
| Steve Glazer | Mayor | December 2016 |
| Victoria Smith | Vice Mayor | December 2016 |
| Dean Orr | Councilmember | December 2018 |
| Eve Phillips | Councilmember | December 2018 |
| Amy R. Worth | Councilmember | December 2018 |

***Mayor***. Steve Glazer was appointed by the City Council to serve as Mayor for 2015. Mr. Glazer previously served as Mayor in 2007 and 2012. He was first elected to the City Council in 2004 and was re-elected in 2008 and 2012. Mr. Glazer served on the Orinda Park and Recreation Commission from 1997-1999. As Mayor, Mr. Glazer represents the City at the Contra Costa County Mayor's Conference.

***City Manager***. Janet Keeter serves as the City Manager. Ms. Keeter assumed duties as City Manager on August 1, 2005. With a total of 20 years of city management experience, Ms. Keeter most recently served as Deputy City Manager for the City of Lodi, California. Prior to her role as Deputy City Manager, she served as Economic Development Coordinator for the City of Lodi, and prior to that as a key staffer in the County of San Joaquin Office of Emergency Services.

***Finance Director***. Susan Mahoney serves as the City's Finance Director. Ms. Mahoney assumed duties as Finance Director on July 16, 2012. With a total of 29 years' experience as a finance director, Ms. Mahoney has served in the cities of Jurupa Valley, Petaluma, Indio, Citrus Heights, Lincoln, and the Arcade Water District.

**City Budget Process**

The City prepares a biennial budget for City government operations that begins with a July 1 fiscal year. In developing the biennial budget, City departments analyze existing service levels and potential services in light of the strategic priorities and financial constraints and modify 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 the City 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 the City 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, City staff may propose changes to the budget. At that time, the City Council will consider the proposed changes and recommendations. At the conclusion of the deliberations, the City Council will approve and appropriate funds for Year 2 of the budget. In addition to the annual budget process, the City Council reviews expenditures and revenues at the mid-year and makes changes as needed.

The budget process begins with a strategic planning workshop. The goals and objectives for the past budget are reviewed and changes are made to reflect what the City Council feels is important for the next budget cycle. Through several workshops and meetings, the City Council reviews the budget, including both operating and capital revenue and expenditures. In addition, the budget is reviewed and recommendations are made from the City's Finance Advisory Committee. All budget discussions are made during open, publicly noticed meetings that conform to the Brown Act.

The City supplements the budgeting process with a five-year financial forecast. The City Council adopted its two-year budget for Fiscal Years 2013-14 and 2014-15 on June 18, 2013. The City Council adopted its mid-year budget revision on February 3, 2015.

**General Fund Revenues**

The "General Fund" is the City's primary operating fund. The City Council has set a General Fund reserve policy that requires an operating reserve of $5,000,000 plus 20% of the amount of budgeted General Fund revenues in excess of $10,000,000 not including Measure L revenue (add-on sales tax). The reserve amount is included in the General Fund unassigned funds and was fully funded at June 30, 2014. As of June 30, 2014, the fund balance was $7,709,599, as compared to $7,511,111 as of June 30, 2013. The fund balance is made up of $119,037 in restricted funds for senior housing, $1,137,362 in Measure L Sales Tax unassigned funds, and $6,453,200 in General Fund unassigned funds.

Property tax assessments are the largest revenue source for the City. Currently, the City receives approximately seven cents for every dollar in property taxes paid by its residents. Sales tax is also an important revenue source of the City. Sales tax revenue increased approximately 102.8% during the Fiscal Year 2013-14. Of this amount, 4.5% ($42,424) is from the increase in the 1% local sales and use tax imposed on all taxable sales in the County. The Measure L add-on sales tax ("Measure L") increased to $1,080,304 in Fiscal Year 2013-14 from $72,564 in Fiscal Year 2012-13. The tax went into effect on April 1, 2013 and the increase reflects twelve months of income in Fiscal Year 2013-14 versus only three months of income in Fiscal Year 2012-13. Pursuant to annual budget appropriations, Measure L revenues are dedicated to road and drainage repairs. The tax sunsets in 2023. Because the City has a relatively small retail base, the impact of fluctuations in sales tax, both positive and negative, is less severe than in other cities that rely more heavily on big box, mall or auto retailers for their sales tax revenue.

***Property Tax and Assessments***. Article XIII of the Constitution of the State of California provides for a maximum general property tax rate statewide of $1.00 per $100.00 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/Levy Dates | January 1 | January 1 |
| Due Dates | 50% on November 1<br>50% on February 1 | |
| Delinquent as of Date | December 10<br>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 County's Teeter Plan, which 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 collected.

***Sales Tax***. The State presently levies a 9.25% sales tax (as of June 30, 2013) on taxable sales within the City, 1.5% of which 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 June and August have been accrued and are included under "Accounts Receivable". The 9.25% sales tax includes some "Measure J" funds which are allocated to the City pursuant to street and pavement needs as approved by the Contra Costa Transportation Authority. It also includes a 0.50% Measure L add-on tax approved by City voters in November 2012. The Measure L add-on tax sunsets in 2023.

**General Fund Expenditures**

***Labor Relations***. The City's staff includes a combination of full-time, part-time, temporary employees and contract staff. All positions are approved by the City Council. Temporary employees are used mainly in the spring and summer months to assist with the City's various recreation programs and on an interim basis for special projects. The City occasionally hires contract staff on an as-needed basis to fill in for vacant positions that are in the recruitment process. The City contracts with Contra Costa County for police and animal control services. The contract provides for one lieutenant (police chief), two sergeants and eleven officers. As of June 30, 2014, the City employed approximately 37.6 regular employees, 12 temporary/project employees and 14 police contract employees.

The table below summarizes the City's employee associations, the number of represented employees and the respective contract expiration dates. The City Manager has a separate contract that expires July 31, 2017.

**CITY OF ORINDA**
**EMPLOYEE ASSOCIATIONS**

| Bargaining Unit | Union Representing Unit | Number of Represented Employees | Contract Expiration Date |
|---|---|---|---|
| General Employees' Unit | Teamsters Union Local 856 | 24 | 06/30/2015 |
| Mid-Management Group | Unrepresented Employees Manual | 5 | 06/30/2015 |
| Management Group | Unrepresented Employee Manual | 6 | 06/30/2015 |

*Source*: City of Orinda.

***Retirement Programs***. The City does not participate in the California Public Employees' Retirement System.

*Defined Contribution Plans (Internal Revenue Code Section 401(a) Plans).* The City's employees accumulate retirement benefits through three defined contribution plans with the ICMA Retirement Corporation. All contributions are by the City and are based on a percentage of base salary (7.5%-10.0%), with vesting over a three-year period 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. The following table summarizes transactions in the plan for the year ended June 30, 2014.

**CITY OF ORINDA**
**DEFINED CONTRIBUTION RETIREMENT PLAN**
**FISCAL YEAR 2013-14**

| | |
|---|---|
| Balance June 30, 2013 | $4,756,620 |
| Contributions | 495,348 |
| Disbursements, Net | (288,974) |
| Earnings | 814,587 |
| Balance June 30, 2014 | $5,777,581 |

*Source*: City of Orinda, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

*Deferred Compensation Plan (Internal Revenue Code Section 457).* For the fiscal year ended June 30, 2014, employees had an option of participating in a deferred compensation plan where contributions are from employee earnings at a maximum of 25% of earnings with the City matching up to 3% and with the total contributions not to 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 Section 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. The following table summarizes transactions in the plan for the year ended June 30, 2014.

**CITY OF ORINDA**
**DEFERRED COMPENSATION PLAN**
**FISCAL YEAR 2013-14**

| | |
|---|---|
| Balance June 30, 2013 | $3,653,436 |
| Contributions | 529,449 |
| Disbursements, Net | (320,059) |
| Earnings | 572,774 |
| Balance June 30, 2014 | $4,435,600 |

*Source*: City of Orinda, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

***OPEB Costs***. With a minimum of seven years employment with the City, retired City employees may participate in the City's medical benefits program by paying the applicable premium costs. The City has no other post-employment benefit costs.

***Compensated Absences***. The City's policies regarding paid time off permit employees to accumulate earned but unused general leave. The accrued liability for compensated absences for the Fiscal Year ending June 30, 2014, was $284,458.

**Summary of Revenues and Expenditures**

The following tables summarize the City's actual general fund revenues, expenditures and fund balances for fiscal years 2010-11 through 2013-14 and the City's budgeted (original and amended) general fund summary for fiscal year 2014-15. Certain adjustments may be made throughout the year based on actual State funding and actual City experience with revenues and tax collections. The City cannot make any predictions regarding the disposition of additional pending budget legislation or its effect on the City. The City's budget is a planning tool, and does not represent a prediction as to the actual achievement of any budgeted revenues or fund balances. See also APPENDIX C – "COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF ORINDA FOR THE FISCAL YEAR ENDED JUNE 30, 2014."

## CITY OF ORINDA
## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
## GENERAL FUND
## FISCAL YEARS 2010-11 THROUGH 2013-14

| | 2010-11 Actual | 2011-12 Actual | 2012-13 Actual | 2013-14 Actual |
|---|---|---|---|---|
| **REVENUES** | | | | |
| **Taxes** | | | | |
| Property Tax and Assessments | $3,639,951 | $3,551,640 | $3,404,459 | $3,677,835 |
| Property Tax in Lieu of VLF | 1,249,247 | 1,249,247 | 1,430,056 | 1,514,791 |
| Sales Tax | 924,853 | 890,759 | 1,021,274 | 2,071,438[1] |
| Franchise Tax | 1,052,335 | 976,030 | 986,349 | 1,009,114 |
| Property Transfer Tax | 132,811 | 124,746 | 200,663 | 235,119 |
| Rent and Interest | 139,315 | 178,606 | 159,079 | 132,627 |
| Realized Gain on Investments | 150,305 | - | - | - |
| Unrealized Gain on Investments | (193,078) | (73,402) | (10,766) | (10,345) |
| **Recreation Fees** | | | | |
| Recreation Class Fees | $1,029,574 | $1,087,682 | $1,032,271 | $1,094,004 |
| OYA Sports Fees | 314,432 | 239,398 | 208,094 | 288,340 |
| Sports field rentals | - | - | - | 258,137 |
| Wagner Ranch Sports | 84,227 | 77,458 | 79,806 | 50,407 |
| Other | 161,408 | 147,659 | 436,777 | 91,506 |
| **Service Fees** | | | | |
| Vehicle and Parking Fines | $204,260 | $175,048 | $166,041 | $111,785 |
| Building Inspection | 263,041 | 274,826 | 513,367 | 494,302 |
| Planning | 285,778 | 237,284 | 329,278 | 485,700 |
| Public Works and Engineering | 165,137 | 462,907 | 337,487 | 130,804 |
| Police | 20,795 | 25,126 | 28,112 | 24,462 |
| **Other Agencies** | | | | |
| State and local | $13,449 | $8,989 | - | - |
| Homeowners Tax Reimbursement | 37,880 | 36,251 | $35,179 | $34,729 |
| Vehicle Licenses Fees | 81,738 | 8,839 | 9,158 | 7,605 |
| Vehicle Abatement | | - | 8,226 | 7,699 |
| **Miscellaneous** | $46,390 | $47,777 | $178,085 | $127,840 |
| **Total Revenues** | $9,803,848 | $9,726,870 | $10,552,995 | $11,837,899 |
| **EXPENDITURES** | | | | |
| City Management/Policy and Legal | $980,484 | $937,881 | $958,754 | $1,172,386 |
| Finance/Administrative Services | 547,002 | 640,212 | 699,570 | 684,341 |
| Police Services Department | 3,665,621 | 3,585,650 | 3,892,706 | 3,783,388 |
| Public Works / Engineering | 1,058,168 | 1,309,715 | 1,361,059 | 1,402,895 |
| Parks and Recreational Department | 2,081,022 | 2,041,796 | 2,120,747 | 2,149,519 |
| Planning Department | 844,418 | 765,488 | 681,600 | 795,674 |
| Library Operations | 5,936 | 2,744 | - | - |
| Principal Payments on Bonds | 215,000 | 225,000 | 235,000 | 240,000 |
| **Total Expenditures** | $9,397,651 | $9,508,486 | $9,949,436 | $10,228,203 |
| **Excess (Deficiency) of Revenues Over Expenditures** | $406,197 | $218,384 | $603,599 | $1,609,696 |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers – In | - | $161,361 | $17,880 | $184,000 |
| Operating Transfers – Out | (730,586) | (542,019) | (1,948,395)[2] | (1,595,208)[2] |
| **Total Other Financing Sources (Uses)** | $(730,586) | $(380,658) | $(1,930,515) | $(1,411,208) |
| **Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses** | $(324,389) | $(162,274) | $(1,326,956) | $198,488 |
| **Fund Equity – Beginning of Year** | $9,324,730 | $9,000,341 | $8,838,067 | $7,511,111 |
| **Fund Equity – End of Year** | $9,000,341 | $8,838,067 | $7,511,111 | $7,709,599[3] |

[1] Measure L add-on sales tax went into effect on April 1, 2013.
[2] Operating transfers out increased in fiscal year 2012-13 and 2013-14 for emergency roads repair.
[3] End of year fund equity amount decreased due to operating transfers out for emergency roads repair, slope stabilization costs and transfers to the City's General Plan Fund for anticipated General Plan costs.
*Source:* City of Orinda, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011, June 30, 2012, June 30, 2013 and June 30, 2014.

**CITY OF ORINDA**
**AMENDED GENERAL FUND SUMMARY [1]**
**FISCAL YEAR 2014-15**

| | 2014-15 Amended Budgeted |
|---|---|
| **REVENUES** | |
| Property Tax | $5,614,320 |
| Documentary Transfer Tax | 210,000 |
| Sales Tax [2] | 985,584 |
| Franchise Taxes | 1,007,000 |
| Lease and Interest | 169,970 |
| Public Safety Fees | 170,000 |
| Engineering Fees | 122,000 |
| Recreation Fees | 2,031,605 |
| Planning Fees | 1,040,000 |
| Other Revenue | 80,000 |
| Transfer In | 222,063 |
| **Total Revenues** | $11,652,542 |
| **EXPENDITURES** | |
| City Management | $498,189 |
| City Attorney | 450,000 |
| City Clerk | 229,223 |
| Administrative Services | 875,274 |
| Parks and Recreation | 2,264,192 |
| Planning | 1,047,562 |
| Public Works | 1,555,362 |
| Public Safety | 4,472,871 |
| Lighting and Landscape | 51,520 |
| **Total Expenditures** | $11,444,193 |
| **Excess (Deficiency) of Revenues Over Expenditures** | $208,349 |
| **TRANSFERS** | |
| Transfer to Slope Stabilization Fund | 500,000 |
| Transfer to General Plan Fund | $100,000 |
| **Total Transfers** | $600,000 |
| Net Increase/Decrease to Fund Balance | $(391,651) |
| **FUND BALANCE** | |
| Net Increase/Decrease to Fund Balance | $(391,651) |
| **Beginning Balance** | 6,572,237 |
| **Ending Balance** | $6,180,586 |
| **Restricted** | $5,160,375 |
| **Unrestricted** | $1,020,211 |

[1] Amended budget as of February 3, 2015.
[2] Excludes Measure L sales tax revenues which are dedicated to road and drainage improvements pursuant to City Council policy.
*Source:* City of Orinda.

**Debt Structure**

***Certificates of Participation***. In September 2005, the City and the Orinda Facilities Financing Corporation (the "Corporation") issued certificates of participation in an aggregate principal amount of $9,800,000 to finance certain capital improvements, including the construction of City offices. The City entered into a site lease with the Corporation and agreed to lease back the City offices site after completion of the City offices. The lease payments are payable from the General Fund of the City. The following table sets forth the City's scheduled debt service obligation as of June 30, 2014:

**CERTIFICATES OF PARTICIPATION**
**DEBT SERVICE OBLIGATION AS OF JUNE 30, 2014**

| Period Ending (July 1) | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $250,000 | $369,660 | $619,660 |
| 2016 | 260,000 | 359,660 | 619,660 |
| 2017 | 270,000 | 349,260 | 619,260 |
| 2018 | 285,000 | 338,460 | 623,460 |
| 2019 | 295,000 | 327,060 | 622,060 |
| 2020-2024 | 1,660,000 | 1,446,426 | 3,106,426 |
| 2025-2029 | 2,055,000 | 1,047,938 | 3,102,938 |
| 2030-2034 | 2,610,000 | 501,276 | 3,111,276 |
| 2035 | 595,000 | 26,776 | 621,776 |
| Total | $8,280,000 | $4,766,516 | $13,046,516 |

**Capital Improvement Plan**

The City Council adopted the City's Capital Improvement Plan for Fiscal Year 2014 through 2018 (the "CIP") on June 17, 2014. Pursuant to City Council policy, the CIP is updated annually. The CIP outlines the City's infrastructure needs and provides the City with a finance strategy. Capital projects costs are grouped into the following categories: (1) infrastructure management projects, including roads, drainage, bridges, bikeways/walkways and traffic signal improvements; (2) general community improvements, and (3) parks improvements.

Total five-year funding for the CIP is approximately $44,818,610, with total funding projected to be approximately $4,945,319 for Fiscal Year 2013-2014 and total funding budgeted to be approximately $14,571,899 for Fiscal Year 2014-15. Approximately $19,600,000 of the total five-year funding amount are expected to come from Bond proceeds. For Fiscal Year 2014-15, the City has budgeted approximately $11,456,461 for road projects, approximately $1,873,938 for drainage projects, approximately $195,000 for bridge projects, approximately $426,500 for bike/walkway projects, approximately $20,000 for traffic signal improvement projects, approximately $250,000 for general community improvements, and approximately $350,000 for park improvement projects.

**Investment Policy**

Section 53600 *et seq*. of the Government Code of the State directs the City to present an annual investment policy (the "Investment Policy") for confirmation by the City Council. The City Council adopted an Investment Policy for fiscal year 2014-15 on May 6, 2014. The City Council generally updates the Investment Policy annually and reviews results quarterly. The City is authorized to invest in the following:

| | | Maximum Limit of Pool |
|---|---|---|
| 1. | Securities of the U.S. Government, or its agencies | 100% |
| 2. | Certificates of Deposit (of Time Deposits) placed with commercial banks and/or savings and loan companies not to exceed the maximum allowed by FDIC per institution | 100 |
| 3. | Local Agency Investment Fund (State Pool) Demand Deposits | 100 |
| 4. | Passbook Savings Account Demand Deposits not to exceed the maximum allowed by FDIC per institution | 100 |
| 5. | Shares of beneficial interest issued by Diversified Management Companies (mutual funds). No more than 10% in any one mutual fund. | 20 |
| 6. | Money Market Demand Accounts | 100 |
| 7. | Banker Acceptances, maximum of 180 days (maximum of 30% of pool with 1 agency) | 40 |
| 8. | Commercial Paper, maximum 270 days of Prime Quality (not more than 10% of outstanding paper of an issuing corporation) | 25 |
| 9. | Medium-term corporate notes | 30 |

The Government Code also allows investments in the following media:

| | | Maximum Limit of Pool |
|---|---|---|
| 1. | Repurchase Agreements and Reverse Repurchase Agreements | 10% |
| 2. | Negotiable Certificates of Deposit | 10 |
| 3. | Bonds issued by local agencies | 10 |
| 4. | State warrants, treasury notes and bonds | 10 |
| 5. | Mortgage securities | 5 |

See APPENDIX G – "CITY OF ORINDA STATEMENT OF INVESTMENT POLICY" for a complete copy of the City's Investment Policy, dated May 6, 2014.

**Insurance, Risk Pooling and Joint Powers Arrangements**

***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 table summarizes insurance coverage as of June 30, 2014:

**CITY OF ORINDA**
**INSURANCE COVERAGE AS OF JUNE 30, 2014**

| | Participating Cities' Total Coverage[1] | 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 | 25,000,000 | 100,000 |
| Liability | 29,000,000 | 5,000 |
| Employment Liability | 2,000,000 | 50,000 |
| Auto-Physical Damage (Police Department) | 250,000 | 3,000 |
| Auto-Physical Damage (Other) | 250,000 | 2,000 |
| Worker's Compensation | Statutory | - |

[1] Includes the City's deductible, the portion underwritten by MPA and the portion underwritten by other insurance companies.
*Source*: City of Orinda, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

The City 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. The City's Risk Management Fund (the "Risk Management Fund") was established to mitigate the effect of unfunded claims and litigation losses that would otherwise be paid from the City's General Fund, with $512,000 as the desired fund reserve to be maintained. The Municipal Pooling Authority, a joint powers authority that provides insurance for City operations, does not cover all aspects of the risk and settlements can potentially be high per occurrence. The City Council transfers from the General Fund to the Risk Management Fund as needed. The total fund balance for fiscal year 2013-14 was $623,311 and $724,926 for fiscal year 2012-13.

**Accounting Practices**

Cropper Accountancy Corporation, Walnut Creek, California, serves as independent auditor to the City. The auditor's report for Fiscal Year Ended June 30, 2014 is attached hereto as APPENDIX C. The City considers its audited financial statements to be public information and, accordingly, no consent has been requested or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit report in this Official Statement that there has been no material change in the City's financial condition since the audit was concluded.

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND EXPENDITURES

### Limitations on Revenues

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

Section 2 of Article XIII A defines "full cash value" to mean the county assessor's valuation of real property as shown on the Fiscal Year 1975-76 tax bill, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred. The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. Section 51 of the Revenue and Taxation Code permits County assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than two percent, depending on the assessor's measure of the restoration of value of the damaged property. The California courts have upheld the constitutionality of this procedure. Legislation enacted by the State Legislature to implement Article XIII A provides that, notwithstanding any other law, local agencies may not levy any *ad valorem* property tax except the one percent base tax levied by each county and taxes to pay debt service on indebtedness approved by the voters as described above.

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

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

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

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's general fund, require a two thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the general fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs. These provisions include, among other things, (i) a prohibition against assessments which exceed the reasonable cost of the

proportional special benefit conferred on a parcel, (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred, (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party, and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City general fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's general fund to continue to support these activities.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the City to levy a property tax sufficient to pay debt service on the Bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the Bonds or to otherwise interfere with performance of the duty of the City and the County tax collection officials with respect to such taxes. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal other local taxes, assessments, fees or charges currently comprising a substantial part of the City's general fund.

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

The amended 2009-10 State Budget included a Proposition 1A diversion of $1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State general fund spending for education and other programs. Such diverted revenues must be repaid, with interest, no later than June 30, 2013. The amended 2009-10 State Budget diverted another $1.7 billion in local property tax revenues from local redevelopment agencies (with another $350 million to be diverted in 2010-11), but this was not covered by Proposition 1A. The California Redevelopment Association (the "CRA") and two redevelopment agencies filed a lawsuit, *California Redevelopment Association, et al. v. Genest*, in October 2009 challenging the constitutionality of this diversion. On May 4, 2010, a Sacramento County Superior Court ruled that the diversion was permitted and ordered redevelopment agencies to make the required transfers. Although the CRA has filed an appeal, the court denied the CRA's request for a stay from the order pending appeal.

**Expenditures and Appropriations**

***Article XIII B of the State Constitution***. In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIII B which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds that are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990, levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity have its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services.

Proposition 111 requires that each agency's actual appropriations be tested against its limit every two years. If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years. The City has never exceeded its appropriations limit.

**Future Initiatives**

Articles XIII A, XIII B, XIII C and XIII D and Proposition 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

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## APPENDIX B

## ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF ORINDA

The following economic and demographic data for the City is presented for informational purposes only. The Bonds are payable from the proceeds of an *ad valorem* tax approved by the voters of the City. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS" in the front section of this Official Statement.

### Population

The following table sets forth the City's, the County's and the State's historical population figures.

**CITY OF ORINDA, CONTRA COSTA COUNTY AND STATE OF CALIFORNIA**
**POPULATION 1990-2014**

| Year | City of Orinda | Contra Costa County | State of California |
|---|---|---|---|
| 1990[1] | 16,642 | 803,732 | 29,758,213 |
| 2000[1] | 17,599 | 948,816 | 33,873,086 |
| 2001 | 17,719 | 962,076 | 34,256,789 |
| 2002 | 17,723 | 974,657 | 34,725,516 |
| 2003 | 17,679 | 984,256 | 35,163,609 |
| 2004 | 17,637 | 993,958 | 35,570,847 |
| 2005 | 17,514 | 1,001,216 | 35,869,173 |
| 2006 | 17,283 | 1,007,169 | 36,116,202 |
| 2007 | 17,240 | 1,015,672 | 36,399,676 |
| 2008 | 17,341 | 1,027,264 | 36,704,375 |
| 2009 | 17,484 | 1,038,390 | 36,966,713 |
| 2010[1] | 17,643 | 1,049,025 | 37,253,956 |
| 2011 | 17,714 | 1,056,306 | 37,427,946 |
| 2012 | 17,839 | 1,066,597 | 37,668,804 |
| 2013 | 17,951 | 1,076,429 | 37,984,138 |
| 2014 | 18,089 | 1,087,008 | 38,340,074 |

[1] As of April 1 for that year.
*Source*: California Department of Finance, Historical City, County, and State Population Estimates, 1991-2000 with 1990 and 2000 Census Counts for years 1990 and 2000; California Department of Finance, E-4 Population Estimates for Counties and State 2001-2010 with 2000 and 2010 Census Counts for years 2001-2010; California Department of Finance, Population Estimates for Cities, Counties, and the State, 2011-2013, with 2010 Benchmark for years 2011-2014.

**Age**

The following table sets forth an estimate of the age distribution of the City's residents for 2008-2012, the most recent years for which data is available as of the date of the Official Statement.

**CITY OF ORINDA**
**AGE DISTRIBUTION**

| Age | Number | Percentage of Population |
|---|---|---|
| Under 5 years | 1,005 | 5.6% |
| 5 to 9 years | 1,223 | 6.8 |
| 10 to 14 years | 1,479 | 8.3 |
| 15 to 19 years | 1,265 | 7.1 |
| 20 to 24 years | 579 | 3.2 |
| 25 to 34 years | 746 | 4.2 |
| 35 to 44 years | 2,308 | 12.9 |
| 45 to 54 years | 3,000 | 16.8 |
| 55 to 59 years | 1,710 | 9.6 |
| 60 to 64 years | 1,303 | 7.3 |
| 65 to 74 years | 1,546 | 8.7 |
| 75 to 84 years | 1,075 | 6.0 |
| 85 years and over | 629 | 3.5 |

*Source*: U.S. Census Bureau, 2008-2012 American Community Survey.

**Education**

The following table sets forth an estimate of the level of education attainment of the City's residents for 2008-2012, the most recent years for which data is available as of the date of the Official Statement.

**CITY OF ORINDA**
**EDUCATIONAL ATTAINMENT**

| **Population 18 to 24 Years:** | **902** |
|---|---|
| Level of Education | Total Estimate |
| Less Than High School Graduate | 9.2% |
| High School Graduate (includes equivalency) | 27.2 |
| Some College or Associate Degree | 44.7 |
| Bachelor's Degree or Higher | 19.0 |

| **Population 25 Years and Over:** | **12,317** |
|---|---|
| Level of Education | Total Estimate |
| Less than 9th Grade | 0.9% |
| 9th Grade to 12th Grade, No Diploma | 1.0 |
| High School Graduate (includes equivalency) | 4.7 |
| Some College, No Degree | 10.8 |
| Associate Degree / Some College | 1.7 |
| Associate's Degree | 4.2 |
| Bachelor Degree | 41.0 |
| Graduate or Professional Degree | 37.4 |

*Source*: United States Census Bureau, Educational Attainment, 2008-2012 American Community Survey 5-Year Estimates.

**Employment and Industry**

The following table sets forth principal employers for the San Francisco Bay Area. Separate data is not available for the City.

**SAN FRANCISCO BAY AREA**
**PRINCIPAL EMPLOYERS**
**2013-2014**

| | Employer | Number of Employees | Percentage of Top 10 Employment |
|---|---|---|---|
| 1. | Kaiser Permanente | 30,803 | 16.6% |
| 2. | City and County of San Francisco | 26,901 | 14.5 |
| 3. | University of California, San Francisco | 22,664 | 12.2 |
| 4. | University of California, Berkeley | 21,390 | 11.6 |
| 5. | Safeway | 18,454 | 10.0 |
| 6. | State of California | 15,982 | 8.6 |
| 7. | Wells Fargo Bank | 15,111 | 8.2 |
| 8. | Stanford University | 12,973 | 7.0 |
| 9. | U.S. Postal Service | 11,092 | 6.0 |
| 10. | Contra Costa County | 9,800 | 5.3 |
| | | 185,170 | 100.0 |

*Source*: City of Orinda Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014.

The following table sets forth annual employment statistics in the City.

**CITY OF ORINDA**
**LABOR FORCE**
**2009-2013[1]**

| Year | Civilian Labor Force | Employed Labor Force | Unemployed Labor Force | Unemployment Rate |
|---|---|---|---|---|
| 2009 | 8,700 | 8,300 | 300 | 3.9% |
| 2010 | 8,600 | 8,200 | 400 | 4.3 |
| 2011 | 8,700 | 8,400 | 300 | 4.0 |
| 2012 | 8,900 | 8,600 | 300 | 3.4 |
| 2013 | 9,100 | 8,800 | 300 | 2.8 |

[1] Most recent annual data available as of the date of this Official Statement.
*Source*: State of California Employment Development Department – Unemployment Rates (Labor Force).

The following table sets forth unemployment history for the City, the County of Contra Costa and the State of California.

**CITY OF ORINDA, CONTRA COSTA COUNTY AND STATE OF CALIFORNIA**
**COMPARATIVE UNEMPLOYMENT STATISTICS**
**ANNUAL AVERAGE UNEMPLOYMENT RATE**
**2009-2013[1]**

| Year | City of Orinda | Contra Costa County | State of California |
|---|---|---|---|
| 2009 | 3.9% | 10.2% | 11.3% |
| 2010 | 4.3 | 11.1 | 12.4 |
| 2011 | 4.0 | 10.4 | 11.8 |
| 2012 | 3.4 | 9.0 | 10.4 |
| 2013 | 2.8 | 7.4 | 8.9 |

[1] Most recent annual data available as of the date of this Official Statement.
*Source*: State of California Employment Development Department – Unemployment Rates (Labor Force).

The following table sets forth an estimate of the City's income levels for 2009-2013 (5-year estimate), the most recent data available as of the date of the Official Statement,

**CITY OF ORINDA**
**INCOME LEVELS 2009-2013 (5 YEAR ESTIMATE)**

| Income Level | Amount |
|---|---|
| Median Household Income | $164,437 |
| Mean Family Earnings | 215,668 |
| Per Capital Income | 77,530 |

*Source*: United States Census Bureau, Selected Economic Characteristics, 2009-2013 American Community Survey 5-Year Estimates.

**Construction Activity**

The following table sets forth the building permits and valuations for the City for calendar years 2009 through 2013.

**CITY OF ORINDA**
**TOTAL BUILDING PERMIT VALUATIONS (DOLLARS IN THOUSANDS)**

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Permit Valuation | | | | | |
| New Single-Family | $2,307,223 | $6,197,990 | $3,277,087 | $2,657,251 | $22,367,262 |
| New Multi-Family | 0 | 0 | 0 | 0 | 11,300,000 |
| Res. Alterations/Additions | 12,833,771 | 13,727,339 | 12,830,465 | 16,149,836 | 17,312,369 |
| Total Residential: | $15,143,003 | $19,927,339 | $16,109,563 | $18,809,099 | $50,981,644 |
| New Commercial | $680,073 | $0 | $279,390 | $1,130,754 | $0 |
| New Industrial | 0 | 0 | 0 | 0 | 0 |
| New Other | 137,782 | 726,759 | 4,172,847 | 2,377,475 | 748,589 |
| Com. Alterations/Additions | 634,305 | 641,500 | 1,213,000 | 2,404,196 | 1,101,100 |
| Total Nonresidential: | $1,452,160 | $1,368,259 | $5,665,237 | $5,912,425 | $1,849,689 |
| New Dwelling Units | | | | | |
| Single Family | 9 | 13 | 4 | 8 | 61 |
| Multiple Family | 0 | 0 | 0 | 0 | 1 |
| Total: | 9 | 13 | 4 | 8 | 62 |

*Source*: Contra Costa County.

**Commercial Activity**

The following table summarizes the historic taxable sales within the City during the past five years in which data is available. Total taxable sales during the first three quarters of calendar year 2013 in the City were reported to be $62,430,000. Figures for the last quarter of calendar year 2013 and annual figures for 2014 are not available as of the date of this Official Statement.

**CITY OF ORINDA**
**TAXABLE TRANSACTIONS**
**NUMBER OF PERMITS AND VALUATION OF TAXABLE TRANSACTIONS**
**(DOLLARS IN THOUSANDS)**

| | Retail and Food Services | | Total All Outlets | |
|---|---|---|---|---|
| Year | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2009 | 336 | $66,761 | 531 | $85,221 |
| 2010 | 327 | 65,502 | 514 | 76,778 |
| 2011 | 322 | 70,959 | 495 | 81,566 |
| 2012 | 321 | 71,009 | 501 | 85,606 |
| 2013[1] | 307 | 51,911 | 476 | 62,430 |

*Source*: California State Board of Equalization, Taxable Sales in California (Sales and Use Tax) for 2009, 2010, 2011, and 2012 and for 2013 first quarter, 2013 second quarter, and 2013 third quarter.
[1] Number of permits for retail and food services and number of permits for all outlets, as of third quarter, 2013; taxable transactions for 2013 first quarter, 2013 second quarter, and 2013 third quarter, only.

The following table summarizes the historic taxable sales within the County during the past five years in which data is available. Total taxable sales during the first three quarters of calendar year 2013 in the County were reported to be $10,526,208,000. Figures for the last quarter of calendar year 2013 and annual figures for 2014 are not available as of the date of this Official Statement.

**CONTRA COSTA COUNTY**
**TAXABLE TRANSACTIONS**
**NUMBER OF PERMITS AND VALUATION OF TAXABLE TRANSACTIONS**
**(DOLLARS IN THOUSANDS)**

| | Retail and Food Services | | Other | | Total All Outlets | |
|---|---|---|---|---|---|---|
| Year | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions | Number of Permits | Taxable Transactions |
| 2009 | 14,045 | $8,473,578 | 7,350 | $3,409,741 | 21,395 | $11,883,049 |
| 2010 | 14,423 | 8,716,393 | 7,361 | 3,237,454 | 21,784 | 11,953,846 |
| 2011 | 13,930 | 9,300,418 | 7,223 | 3,499,439 | 21,153 | 12,799,857 |
| 2012 | 14,343 | 10,062,437 | 7,161 | 3,934,812 | 21,504 | 13,997,249 |
| 2013[1] | 14,511 | 7,764,410 | 6,938 | 2,761,796 | 21,449 | 10,526,208 |

*Source*: California State Board of Equalization, Taxable Sales in California (Sales and Use Tax) for 2009, 2010, 2011, and 2012 and for 2013 first quarter, 2013 second quarter, and 2013 third quarter.

[1] Number of permits for retail and food services and number of permits for all outlets, as of third quarter, 2013; taxable transactions for 2013 first quarter, 2013 second quarter, and 2013 third quarter, only.

# APPENDIX C

## COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF ORINDA FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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# City of Orinda, California

## Comprehensive Annual Financial Report

## For the Fiscal Year Ended June 30, 2014

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# *INTRODUCTORY SECTION*

22 orinda way • orinda • california • 94563

December 1, 2014

***To the Honorable Mayor and Members of the City Council and Citizens of the City of Orinda:***

We are pleased to submit the City of Orinda's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. Since incorporation, the City has submitted an annual audited financial report to the Council and Citizens. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the city's financial activities have been included. 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.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Orinda, City staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The City's financial statements have been audited by Cropper 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, 2014, 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, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the

administration of federal awards. These report are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

**Profile of the City of Orinda**

The City of Orinda operates under a Council-Manager form of government and provides municipal services that include public safety, public works, parks and recreation, and community development. This report includes all funds of the City of Orinda. The City does not have a Redevelopment Agency.

The City Council establishes annual budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code.

The City of Orinda was incorporated on July 1, 1985, after 100 years of gradual development. One of the primary reasons cited by many Orindans for supporting incorporation was the desire for local decision making. With a population of more than 18,089 in a 12.8 square-mile area, Orinda is 85% developed. Most of residential Orinda is comfortably mature, with trees dominating roads and buildings. The retail floor area has remained constant during the last 15 years, but Orinda's prestige and convenience as an office location has brought a doubling of office space. Now, little land remains for additional development.

The City of Orinda City Council consist of five members, elected at-large to four-year overlapping terms. Council members must be residents of the City. The position of Mayor and Vice Mayor are chosen by the City Council through policy direction determined by the City Council. The Mayor conducts the Council meetings and represents the City on ceremonial occasions.

The City Council serves as the policy board for the municipality. As an elected Board of Directors, the City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council also is responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager, City Attorney, and all members of advisory boards and commissions.

Orinda is a residential oriented community with more than 60 percent of the City's 6,553 homes built between 1940 and 1970. Access provided by the Caldecott Tunnel makes Orinda an accessible "country" environment in the East Bay.

In the City of Orinda the total labor force is approximately 9,000. Unemployment in Orinda is approximately 2.3%. Orinda is divided by Highway 24 and BART, which provide an easy commute to the cities of Berkeley, Oakland, and San Francisco.

**Current Economic Conditions and Outlook**

The City's economic development efforts and implementation of the City's financial policies help to promote Orinda's long-term fiscal stability. Since incorporation in 1985, at the direction of the Council, staff has conducted a systematic review of operations, resulting in some cases in the transition from contract service to an in-house operational model; in other instances a renegotiation of existing service contracts; and in other instances, retention of the contraction operational model with a different service provider. These operations analyses and reforms are intended to promote long-term savings to the City and ensure long-term stability. The City anticipates minimal growth for the next ten years for sales tax and franchise tax revenue and moderate growth for property tax revenue.

**Awards and Acknowledgements**

The City of Orinda will submit the fiscal year ended June 30, 2014 Comprehensive Annual Financial Report for the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA).

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that this report will meet the program requirements to receive the award.

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 and auditing firm of Cropper Accountancy. I would like to express my appreciation to John Cropper, CPA, Katy Perry, and Bryce Rojas of Cropper Accountancy and to the members of the Finance Department who assisted and contributed to its preparation – Norma Costa, Accountant, Jenni Flores, Accounting Technician III, and Linda Thompson, Accounting Technician III.

I would also like to thank members of the City Council, the City Manager, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully submitted,

Susan Mahoney

Susan Mahoney
Finance Director

City of Orinda
List of City Officials
At June 30, 2014

# *City Council*

Sue Severson, Mayor
Steve Glazer, Vice Mayor
Dean Orr, Councilmember
Victoria Smith, Councilmember
Amy R. Worth, Councilmember

# *City Officials*

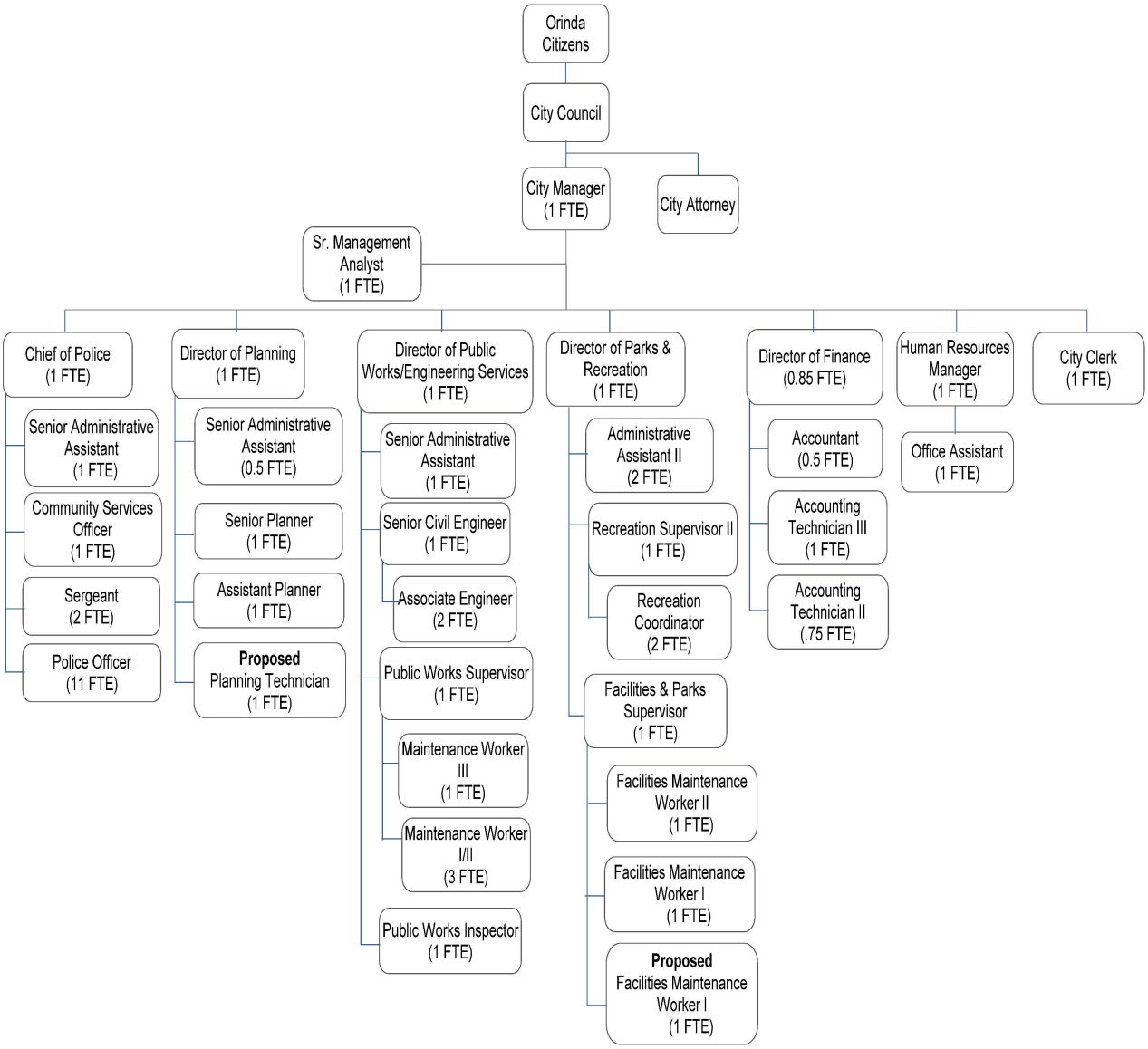
Janet Keeter, City Manager
Mark Nagel, Police Chief
Michelle Lacy, Parks & Recreation Director
Susan Mahoney, Finance Director
Michele Olsen, City Clerk
Charles Swanson, Public Works Director
Emmanuel Ursu, Planning Director

# CITY OF ORINDA MISSION STATEMENT

*"Orinda strives to provide excellent service in a fiscally responsible manner and to promote a safe, healthy and vibrant community."*

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

# FY 2014 City of Orinda Organizational Chart



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# *FINANCIAL SECTION*

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# INDEPENDENT AUDITORS' REPORT

To the City Council
Orinda, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Orinda, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Orinda's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

City of Orinda's 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 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 entity'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 entity'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.

***Unmodifed Opinion***

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 City of Orinda, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 17 – 27 and 69 – 72 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 City of Orinda's basic financial statements. The combining and individual nonmajor fund financial statements as well as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements as well as the introductory and statistical sections are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements are 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 it.

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
November 26, 2014

# Management's Discussion and Analysis

## 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 ended June 30, 2014. The accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures in this report, are the responsibility of the City. The report has been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the City's financial statements, which follow this discussion. Management's discussion and analysis is designed to:

1. assist the reader in focusing on significant financial issues;
2. provide an overview of the City's financial activity and any changes in financial position;
3. explain any material deviations from the financial plan (approved budget); and
4. identify any issues or concerns and the City's ability to address future challenges.

## FINANCIAL HIGHLIGHTS

The City's desirable location and relatively stable real estate market made it less vulnerable to the effects of the recent economic downturn and as a result, the City sustained minor declines when compared to other cities in Contra Costa County. For the second year in a row, the City's property tax revenue increased (7.4% over last year) after four years of decreases during the 2008 economic downturn. The City's sales tax revenue (not including the add-on sales tax) increased by 4.5% over the prior year.

The City ended the fiscal year with a balanced budget. The General Fund reserve is equal to 48% of General Fund Revenues which meets the City's established reserve policy.

The City provides funding for its Capital Improvement Program on a pay-as-you-go basis including maximizing grant funding when available. In July 2012, the City Council adopted the Road and Drainage Repair Plan. This plan consists of four phases in which the City will fund, plan and manage the construction and repair of public roads and drains. The first phase included the passage of a half-cent sales tax increase which was approved by voters in the November 2012 election. The City began receiving the half-cent sales tax revenue in April 2013. The second phase of the plan includes the passage of $20,000,000 in general obligation bonds. The bonds were approved by voters in June 2014 and the City expects to sell bonds in March 2015.

The employees of the City accumulate retirement benefits through a defined contribution plan with the ICMA Retirement Corporation. Payments are made on a pay-as-you-go basis so the City has no future pension obligations. The City does not provide retiree medical benefits to its employees so there are no OPEB (other post-employment benefits) costs.

The following are some key highlights of note:

1. At the end of Fiscal Year (FY) 2013/14, the unassigned fund balance for the General Fund was $7,590,562. This amount includes $1,137,362 in Measure L Sales Tax fund balance.

2. The General Fund operating results (including Measure L Sales Tax) for the fiscal year was a surplus of $1,609,696.

3. Revenues were slightly higher than expected for property tax and planning fee revenue. Measure L Sales Tax revenue was significantly higher than last year because the City received a full year of revenue in FY 2013/14 as compared to only three months of revenue in FY 2012/13 (the add-on sales tax went into effect on April 1, 2013). This resulted in a favorable variance of $1,346,191.

4. Expenditures were on target with budget except for Public Works/Engineering. This department deferred certain road and drainage projects (to be paid with Measure L add-on tax funds) until FY 2014/15 to maximize project efficiencies.

5. The City's total assets exceeded its liabilities by $55,111,693 (net position) for FY 2013/14. This compares to assets exceeding liabilities by $52,207,808 in FY 2012/13, an increase of $2,903,885. Total net position is comprised of the following:

   a. Investment in capital assets (net of related debt) of $40,022,920, which includes parklands, buildings, furniture and equipment and infrastructure, all net of accumulated depreciation and debt.

   b. Net assets of $6,693,791 are restricted by constraints imposed from outside the City, including grantors, lenders, laws or regulations, consisting primarily of the Senior Affordable Housing commitment ($.10 million), Community Facilities Maintenance Endowment Fund ($1.64 million), Park Dedication Fees ($0.59 million), Transportation Impact Fees ($1.15 million), Library Assessment Fund ($0.31 million), Contra Costa Transportation Authority ($0.68 million), Gas Tax ($0.57 million), and other Special Revenue Funds ($0.79 million), and Internal Service Funds ($0.86 million).

   c. Unrestricted net position of $8,394,982 ($7,590,562 General Fund plus $804,420 Internal Service Funds) for the government-wide statements represents the portion available to maintain the City's continuing obligations to citizens and creditors.

6. The General Fund unrestricted reserve including the current year surplus funded a transfer of $1,595,208 to: 1) the Capital Projects Fund for the Drainage Master Plan, General Plan, and Tarabrook Drain projects; and 2) transfers to Internal Service Funds to fund future replacement and repair costs for computer systems, vehicles, equipment and buildings; and 3) a transfer to the M-11 Lighting and Landscape District .

## FINANCIAL ANALYSIS OF GENERAL FUND

The General Fund is the primary operating fund of the City. It accounts for the revenues and expenditures associated with police services, public works, engineering, planning, building inspections, finance, park & recreation, city clerk, city attorney and administration.

### General Fund Revenues

The City's General Fund operating revenues increased 12.1% compared to the prior year. Property tax assessments are the largest revenue source for the City and property tax revenue has been steadily increasing in the past few years. Currently, the City receives approximately seven cents for every dollar in property taxes paid by its residents. Sales tax is also an important revenue source of the City. Sales tax revenue increased approximately 102.8% during the year. Of this amount, 4.5% ($42,424) is from the increase in the 1% local sales and use tax imposed on all taxable sales in the county. Measure L add-on sales tax increased to $1,080,304 from $72,564 in FY 2012/13. The large increase ($1,007,740) reflects twelve months of income in FY 2013/14 versus only three months of income in FY 2012/13 (the tax went into effect on April 1, 2013). The add-on sales tax is dedicated by the Council through budget appropriations to road and drainage repairs. The tax sunsets in 2023. Because Orinda has a relatively small retail base, the impact of fluctuations in sales tax, both positive and negative, is less severe than in other cities that rely more heavily on big box, mall or auto retailers for their sales tax revenue.

### General Fund Expenses

As a policy, the City has endeavored to keep its operating expenses low and the number of employees at a minimum. The major expenses for the City organization are: 1) Police ($3,783,388, 37.2%), contracted through the County; 2) Parks & Recreation, including facilities maintenance ($2,149,519, 21.1%) and 3) Public Works/Engineering ($1,402,895, 13.7%). Much of the Park & Recreation operating costs are offset by fees for service. The General Fund is used to pay the City's only debt service (Certificates of Participation issued in 2006 and due to retire in 2035). The debt service payment in FY 2013/14 was $619,260.

### Fund Balance

The net worth of the General Fund (the difference between assets and liabilities) is called Fund Balance. As of June 30, 2014, the fund balance was $7,709,599 ($7,511,111 in FY 2012/13), an increase of $198,488 in FY 2013/14 (decrease of $1,326,956 in FY 2012/13) compared to the prior year. The fund balance is made up of:

- $119,037 in restricted funds for senior housing.
- $1,137,362 in Measure L Sales Tax unassigned funds. The Measure L Sales Tax unassigned funds increased $1,067,715 over the previous year due to combining road projects in FY 2014/15.
- $6,453,200 in General Fund unassigned funds. This is a decrease of $867,786 over the prior year due to transfers to the Slope Emergency Stabilization Fund, the General Plan Fund, the Drainage Master Plan Fund, and the Capital Projects Fund.

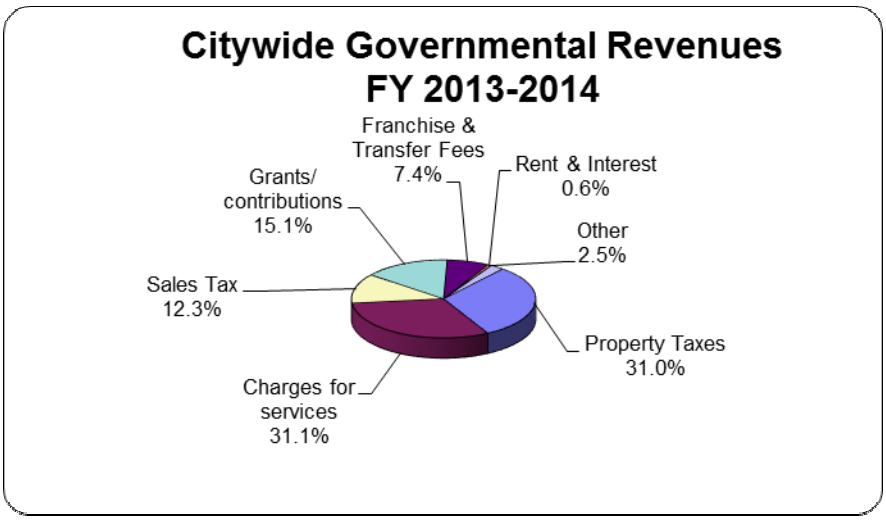
The City Council has set a General Fund reserve policy which requires an operating reserve of $5,000,000 plus 20% of the amount of budgeted General Fund revenues in excess of $10,000,000 not including Measure L revenue (add-on sales tax). The reserve amount is included in the General Fund unassigned funds and is fully funded at June 30, 2014.

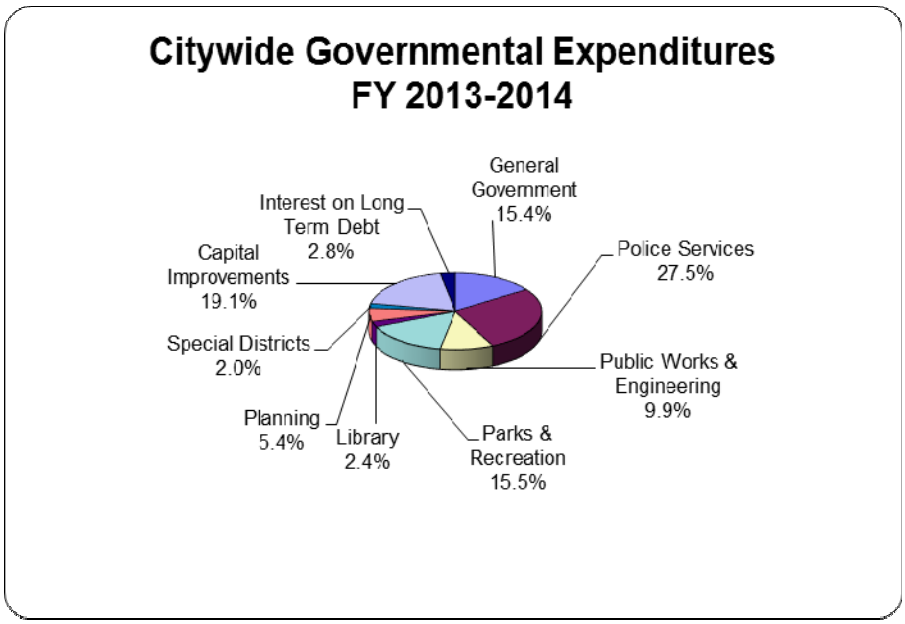
## THE CITY AS A WHOLE

The *Statement of Net Position* and the *Statement of Activities* reports information about the City as a whole. These statements include all assets and liabilities using the full accrual basis of accounting. Under this method, all current year's revenues and expenses are taken into account regardless of when cash is actually received or paid.

Looking at the City's net position (the difference between assets and liabilities) is a measurement of the City's financial health. Over time, increases or decreases in the City's net position are an indication of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in the City's property tax base or the condition of the City's roads must also be considered.

The *Statement of Net Position* and the *Statement of Activities* presents consolidated financial information on the City's primary activities. These include Police, Capital Improvements, Parks and Recreation (including facility operations), Planning, Public Works and Engineering Services and City Management (City Manager, City Clerk, City Attorney and Finance). For funding activities and services, some departments generate function-specific fee revenue. Interest and lease revenues, sales taxes, franchise fees, motor vehicle license fees and property taxes, including property transfer taxes, are used to fund the balance.



## STATEMENT OF NET POSITION

The City's net position grew over the past year. In the current year, net position increased by $2,903,885 which includes an increase of $3,111,069 in net position and a decrease of $207,184 due to a change in accounting principle (versus an increase of $1,105,290 in FY 2012/13). The ending position at June 30, 2014 was $55,111,693. The following table provides a summary of the City's net position for all funds at June 30, 2014 compared to June 30, 2013.

**Summary of Net Position**
**Fiscal Years 2013/14 and 2012/13**
**Primary Government Activities**

| | 2013/14 | 2012/13 | % Increase (Decrease) |
|---|---|---|---|
| Current and other assets | $16,831,079 | $15,586,376 | 8.0% |
| Restricted assets | 119,037 | 201,145 | (40.8%) |
| Capital assets | 48,302,920 | 47,394,972 | 1.9% |
| Total assets: | $65,253,036 | $63,182,493 | 3.3% |
| | | | |
| Current liabilities | $ 1,883,777 | $ 2,163,344 | (12.9%) |
| Long-term liabilities | 8,257,566 | 8,811,341 | (6.3%) |
| Total liabilities: | $10,141,343 | $10,974,685 | (7.6%) |
| | | | |
| Net position | | | |
| Invested in capital assets, net of related debt | $40,022,920 | $39,082,158 | 2.4% |
| Restricted | 6,693,791 | 5,005,803 | 33.7% |
| Unrestricted | 8,394,982 | 8,119,847 | 3.4% |
| Total net position | 55,111,693 | 52,207,808 | 5.6% |
| Ending net position and liabilities | $65,253,036 | $63,182,493 | 3.3% |

## STATEMENT OF ACTIVITIES

In the *Statement of Activities* (page 31), both expenses and revenues are reported for each particular program, which includes all funds. This format shows how much of each program is funded through fees, grants and taxes and highlights the relative financial burden of each program on general revenues. FY 2013/14 revenues show an increase when compared to the prior year mainly due to twelve months of Measure L add-on sales tax revenue versus only three months revenue in FY 2012/13. The following table provides a summary of the City's Statement of Activities for FY 2013/14 and 2012/13 with the variance percentage between the two years.

**Summary of Change in Net Position: Primary Government Activities**
**Fiscal Years 2013/14 and 2012/13**

| | 2013/14 | 2012/13 | % Increase (Decrease) |
|---|---|---|---|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | $5,257,904 | $5,126,001 | 2.6% |
| Operating grants and Contributions | 936,273 | 268,194 | 249.1% |
| Capital Grants and Contributions | 1,615,848 | 1,630,723 | (0.9%) |
| General revenues: | | | |
| Sales Tax | 2,071,438 | 1,021,274 | 102.8% |
| Franchise and Transfer Fees | 1,244,233 | 1,187,012 | 4.8% |
| Property Tax | 5,227,355 | 4,869,694 | 7.3% |
| Vehicle License Fees (VLF) | 7,605 | 9,158 | (17.0%) |
| Rent and Interest | 117,578 | 160,612 | (26.8%) |
| Unrealized gain (loss) on investments | (10,345) | (10,766) | (3.9%) |
| Other | 411,858 | 214,751 | 91.8% |
| Total Revenues | 16,879,747 | 14,476,653 | 16.6 % |
| Expenditures: | | | |
| General Government | 2,125,066 | 1,848,816 | 14.9% |
| Police Services | 3,777,584 | 3,894,363 | (3.0%) |
| Public Works and Engineering Services | 1,367,960 | 1,327,714 | 3.0% |
| Parks and Recreation | 2,140,303 | 2,278,091 | (6.0%) |
| Library operations | 324,230 | 342,208 | (5.3%) |
| Planning | 746,236 | 681,671 | 9.5% |
| Special districts | 278,506 | 133,309 | 108.9% |
| Interest on long-term debt | 379,260 | 397,959 | (4.7%) |
| Capital improvements | 2,629,533 | 2,467,232 | 6.6% |
| Total Expenditures | 13,768,678 | 13,371,363 | 3.0% |
| Change in net position | 3,111,069 | 1,105,290 | 181.5 % |
| Beginning net position | 52,207,808 | 51,102,518 | (1.12%) |
| Change in accounting principle (see Note 4F) | ( 207,184) | | |
| Ending net position | $55,111,693 | $52,207,808 | 1.8% |

Overall, total revenue increased 16.6% in comparison to the prior year. The most significant changes in revenues are: 1) the increase in sales tax – specifically the Measure L add-on sales tax which will be used for road and drainage projects; 2) an increase in Planning activities and associated charges for services; and 3) an increase in grant revenue received for the Manzanita Bridge project.

Overall, total expenditures increased 3.0% in comparison to the prior year. The Special District increase in expenditures is due to the addition of the Wilder Community Facilities District. The most significant increase in expenditures was in General Government due to increase legal costs. Legal costs for FY 2013/14 were above budget and higher than actual costs for prior years. That significant cost increase was due to a number of factors. Most notably, the City Attorney was called on to provide much more assistance to the Planning Department than in recent years. That increased assistance involved advice

regarding the City's update of its Housing Element (as required by State law) as well as current planning applications (which increased in volume). Additionally, the City enlisted its attorneys in responding to an unusually high level of litigation issues, which included active litigation, threatened litigation, exposure to potential litigation, as well as negotiation, implementation, and modification of multiple settlement agreements. The City also found it needed legal assistance with several, unusually voluminous requests for public records. Also during this fiscal year, the City Attorney's hourly rates increased by approximately $5/hour (approximately 2%), the first increase since 2009. Moreover, the City Attorney now attends all weekly Executive Team Meetings, whereas she previously attended every other meeting.

GASB requires municipalities to state their investment portfolio at market value and to report the amount of gain or loss that would be realized if the investments were to be sold on the last day of the fiscal year. The City's unrealized loss on investments was $10,345 in Fiscal Year 2013/14. The City's policy, however, is to keep all investments until their maturity date, so the gain or loss should not be realized.

## FINANCIAL ANALYSIS OF COMBINED FUNDS

### Governmental Funds

Beginning in FY 2010/11, governmental entities were required to implement the provisions of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement improves financial reporting by providing fund balance categories and classifications that are more easily understood. The fund balance classification approach in this statement requires governments to classify amounts consistently, regardless of fund type in which they are presented. The fund balance disclosures gives users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated.

The unassigned fund equity balances serve as a useful measure of the available resources when analyzing the City's governmental funds. "Assigned" funds are set aside by City Management for anticipated purposes. "Committed" funds are those set aside by Council action for specific purposes. The Council may, at any time, change the commitment of the funds if it so chooses. "Restricted" funds, on the other hand, are so categorized because authority to reassign the funds to other uses does not lie with the Council.

As of the fiscal year ended June 30, 2014, the City's governmental fund types (see pages 36 and 37) included combined ending fund balances of $13,419,414 ($11,450,830 in FY 2012/13). Of this balance, $5,673,258 ($4,140,864 in FY 2012/13) of these funds are "restricted", which means that they have been conditionally committed to specific programs by their sources. The General Fund includes $119,037 restricted for Senior Housing and $7,590,562 is unassigned (although it includes the funds set aside per the City's Reserve Policy) and may be committed at the discretion of the City Council or assigned by Management for specific use. The City Capital Projects Fund includes $155,594 committed for the City's Drainage Master Plan project. The Community Facilities Maintenance Fund Balance and the Capital Projects Fund Balance are restricted for special projects.

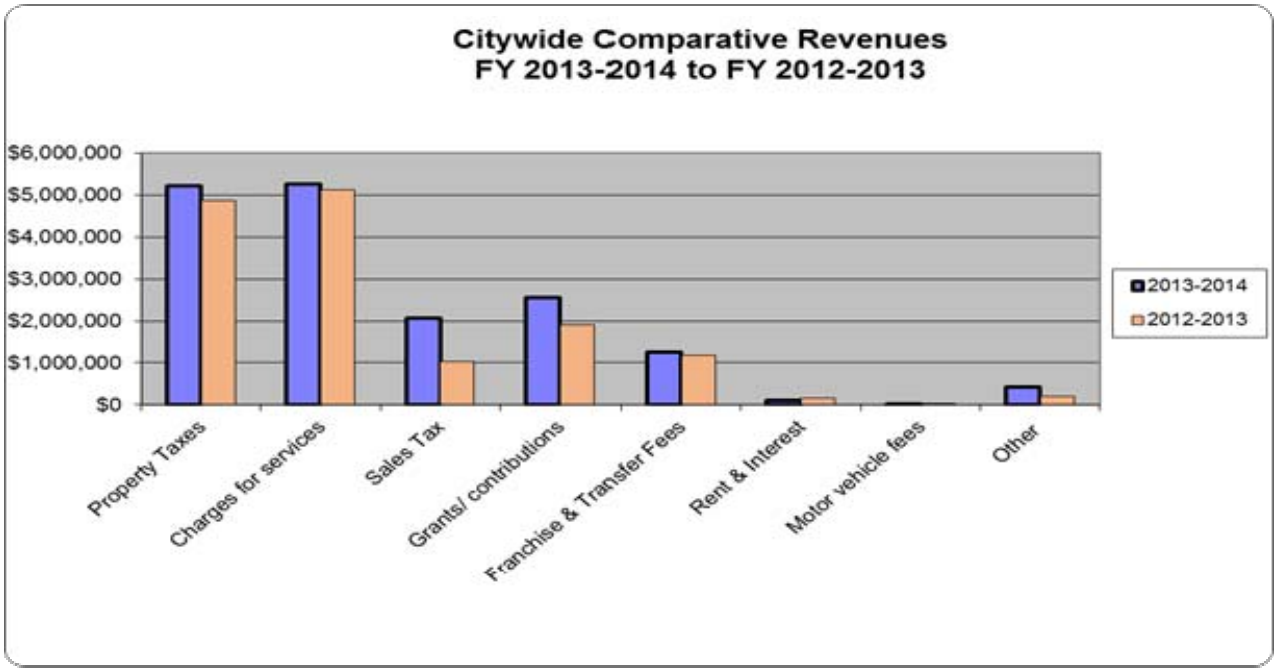
### Capital Assets

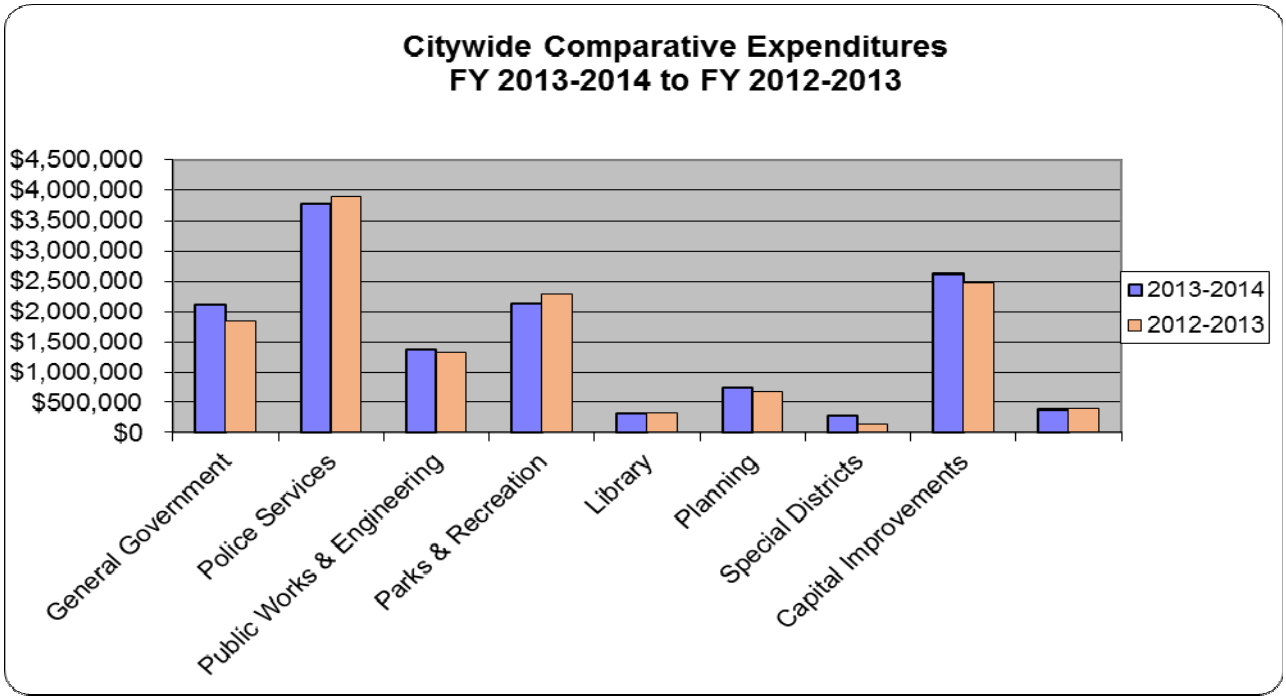
The City's capital assets as of June 30, 2014, totaled $48,302,920 ($47,394,972 in FY 2012/13), net of accumulated depreciation of $63,825,278 ($61,663,775 in FY 2012/13). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, and bridges. The capital assets summary can be found on page 59 of the notes to the financial statements.

Major capital asset additions during FY 2013/14 included:

- Glorietta Storm Drain Improvements $2,162,552;
- El Toyonal Drain Improvements $14,860;
- Moraga Way Pedestrian Path $391,392.

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for FY 2013/14.



## SIGNIFICANT FUNDS

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds. Some funds are required to be established by State law. However, the City Council establishes other funds to help control and manage money for particular purposes (e.g. Capital Project Funds) or to meet the legal responsibilities for using certain taxes and federal or state grants.

1. *Governmental funds:* The governmental fund statements on pages 34 through 37 provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps determine what financial resources are available in the near future to finance the City's programs. The relationship between the *Statement of Net Position* and the *Statement of Activities* and governmental funds statement is reconciled on the far right of pages 35 and 37.

2. *Internal Service funds:* These funds make up the internal services part of primary governmental activities. Summary financial detail is provided on pages 38 through 41, as well as additional, more detailed information on page 106 and 107.

   In order to even out demands on the General Fund from year to year, the City has chosen to use internal service funds to record purchases and related depreciation if applicable. The following are the current funds being used:

   a. Information Systems: On a planned basis, capital outlays are required to keep the City current with industry technology. The City operates five servers and approximately forty desktops. The City leases this equipment. The fund balance for the fund at FY 2013/14 year-end was $136,016 ($151,080 in FY 2012/13).

   b. Building Maintenance: Individual departments contribute to the maintenance, repair, and capital replacement of City Hall through annual contributions based on their square foot usage. The fund balance at FY 2013/14 year-end was $201,521 ($204,706 in FY 2012/13).

   c. Vehicle Replacement: The Police, Public Works and Engineering, Parks and Recreation, and Planning departments operate a number of vehicles to provide services to the residents of Orinda. Vehicles have varied life spans, depending on their use, and require replacement based on the specified useful life. Individual departments contribute to the fund annually based on estimated vehicle replacement costs. The fund balance at FY 2013/14 year-end was $635,175 ($618,284 in FY 2012/13).

   d. Risk Management: This fund was established to mitigate the effect of unfunded claims and litigation losses that would otherwise be paid from the General Fund, with $512,000 as the desired fund reserve to be maintained. The Municipal Pooling Authority, a Joint Powers Authority that provides insurance for City operations (Police Services covered by Contra Costa County), does not cover all aspects of this risk and settlements can potentially be high per occurrence. The Council authorizes transfers from the General Fund to the Risk Management Fund as needed. The total fund balance at FY 2013/14 year-end was $623,311 ($724,926 in FY 2012/13).

   e. Slope Emergency Stabilization Fund: Orinda has within its boundaries many unstable slopes, any of which can unexpectedly give way through erosion and other earth-moving events. Due to the uncertainty of any given slope showing indications of failing, accurate annual

budgeting in the General Fund for such occurrences is not possible. The Slope Emergency Stabilization fund exists to mitigate the effect of unpredictable demands on funds to stabilize failing slopes. The fund balance at FY 2013/14 year-end was $69,943 ($68,062 in FY 2012/13). Funds were used in FY 2013/14 to help pay for the cost of emergency slope repairs on Tarabrook Drive. This fund, per the adopted budget, will receive a transfer of $500,000 from the General Fund in FY 2014/15.

f. General Plan Update Fund: The City's General Plan was adopted on May 20, 1987. In anticipation of an update, the City Council has put aside money in past years. The General Plan Update fund balance at FY 2013/14 year-end was $358,688 ($284,877 in FY 2012/13). This fund, per the adopted budget, will receive a transfer of $100,000 from the General Fund in FY 2014/15.

3. *Fiduciary Funds:* The City is the trustee, or fiduciary, for the bond funds for the Oaksprings Assessment District 2003-1, and for performance bonds associated with development applications. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 42. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

## STRENGTHS AND RISKS

Over the years, the City has strived to improve the condition of its roads system by repairing streets most traveled (ie. arterials and collectors). In order to maintain this investment, the City utilizes revenues from gas tax, Contra Costa Transportation Authority sales tax, transportation impact fees, the City's General Fund (through the solid waste franchise fees) and Federal and State grants when available. This effort has brought the arterials to a Pavement Condition Index (PCI) of 78, which reflects they are in "good" condition. The collectors have a current PCI of 64, which reflects they are in "fair" condition. The residential roads have a current PCI of 34, which indicates they are in "poor" condition.

To address this issue, the City Council created a Council Roads Subcommittee in May 2011 to serve as a preliminary fact finding group working with the City's Citizens Infrastructure Oversight Commission (CIOC), the Finance Advisory Committee (FAC) and members of the public to gather options, develop facts and bring issues back to the Council for discussion and direction. The Roads Subcommittee working with staff, the CIOC, the FAC and the public, gathered information and community feedback related to roads expenditure history over 10 years, identified revenue options, developed a working timeline, communications plan and recommended alternatives. Based on this input, the City Council approved placing a sales tax measure on the November 2012 ballot and a bond measure on the June 2014 ballot. The sales tax measure was passed with a 69% approval by the residents. The City began receiving funds from the new tax measure in April 2013. At the Council's direction, 100% of the new revenue will be appropriated annually through the budget process to fund improvements to the City's road and drainage infrastructure. The June 2014 bond measure was passed with 75% approval by the residents. The measure authorizes the sale of $20,000,000 in General Obligation bonds to fund additional improvements to the City's road and drainage infrastructure.

## Budget

A budget analysis of the General Fund, including original budget, amended budget, actual, and variance from amended budget is presented on page 69.

Direct revenues of $11,827,554, not including accrual of unrealized gains/losses on investments, reflect a favorable variance of 0.4% (2.5% favorable in FY 2012/13) when compared to the amended budget. Direct expenses of $10,228,203 reflect a favorable variance of 11.3% (0.7% favorable in FY 2012/13) when compared to the amended budget. The favorable expense variance is due mainly to savings in police services due to salary savings from vacant positions and the combining of road projects funded by the Measure L add-on sales tax in fiscal year 2014/15.

## Economic Factors and Next Year's Budget

The City of Orinda has recovered from the 2008 economic downturn. Property values are now slightly above their pre-recession levels and are expected to increase over 4% in FY 2014/2015. Revenue from development activity was up 16.7% over last year. It is expected to remain steady in FY 2014/2015 as new home building continues in the Wilder project area. The City maintains a conservative approach to budgeting revenues and expenditures. Management takes an active role in monitoring the application of the budget during the fiscal year to propose any necessary change to projected revenues as well as appropriated expenditures.

The City Council began adopting a biennial budget beginning with FY's ending 2010 and 2011 to promote a longer-term view for spending issues and revenue projections. The amended biennial budget for FY 2014/15 is comprised of General Fund revenue of $11.3 million. Based on the increased property and sales tax revenue received in FY 2013/2014, General Fund revenues in FY 2014/2015 are expected to exceed budget projections. General Fund expenses for FY 2014/2015 are expected to also be above budget projections due to additional Planning costs incurred as a result of increased development activity and increased road and drainage projects that were deferred from FY 2013/2014. A mid-year budget review reflecting updated projections for FY 2014/2015 will be presented to Council in February 2015 in order to maintain a positive budget balance at year end.

The revenue and expenses for other governmental funds remains essentially the same as last fiscal year. The City anticipates selling a portion of the $20,000,000 voter approved general obligation bonds in March 2015. The bond proceeds will be spent in the summer of 2015 on road and drainage projects.

## Request 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

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# Basic Financial Statements

CITY OF ORINDA
Statement of Net Position
June 30, 2014

| | Primary Government Governmental Activities |
|---|---|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | $ 11,322,522 |
| Investments | 2,658,053 |
| Restricted assets - investments | 119,037 |
| Accounts receivable | 2,062,469 |
| Accrued interest receivable | 9,808 |
| Prepaid items and deposits | 100,695 |
| Due from other agencies | 677,532 |
| Total current assets | 16,950,116 |
| Noncurrent Assets: | |
| Capital assets not being depreciated: | |
| Park land and improvements | 1,295,205 |
| Work in progress | 6,077,691 |
| Capital assets, net of accumulated depreciation: | |
| Buildings, grounds and improvements | 21,096,051 |
| Furniture and equipment | 369,116 |
| Infrastructure | 19,464,857 |
| Total noncurrent assets | 48,302,920 |
| Total assets | 65,253,036 |
| LIABILITIES | |
| Current Liabilties: | |
| Accounts payable and accrued liabilities | 1,119,919 |
| Unearned revenue | 408,890 |
| Current portion of COP payable | 250,000 |
| Current portion of accrued compensated absences | 56,892 |
| Due to other agencies | 51 |
| Planning and engineering deposits | 48,025 |
| Total current liabilities | 1,883,777 |
| Noncurrent liablilities: | |
| Long term portion of COP payable | 8,030,000 |
| Accrued compensated absences | 227,566 |
| Total noncurrent liabilities | 8,257,566 |
| Total liabilities | 10,141,343 |
| NET POSITION | |
| Net investment in capital assets | 40,022,920 |
| Restricted for: | |
| Senior housing | 119,037 |
| Internal service | 864,939 |
| Capital projects | 296,040 |
| Special revenue | 3,779,066 |
| Community facilities maintenance | 1,634,709 |
| Unrestricted | 8,394,982 |
| Total net position | $ 55,111,693 |

The accompanying notes are an integral part of these financial statements.

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net Revenue (Expense) and Changes in Net Position: Governmental Activities |
|---|---|---|---|---|---|
| Primary Government | | | | | |
| *Governmental Activities:* | | | | | |
| General government | $ 2,125,066 | 42,302 | $ - | $ - | $ (2,082,764) |
| Police services | 3,777,584 | 136,247 | 117,710 | - | (3,523,627) |
| Public works and engineering | 1,367,960 | 449,026 | - | - | (918,934) |
| Parks and recreation | 2,140,303 | 1,782,394 | - | - | (357,909) |
| Library operations | 324,230 | 306,735 | - | - | (17,495) |
| Planning | 746,236 | 980,002 | - | - | 233,766 |
| Special districts | 278,506 | 277,554 | - | - | (952) |
| Streets, highways, and storm drains | 2,629,533 | 1,283,644 | 818,563 | 1,615,848 | 1,088,522 |
| Interest on bonds payable | 379,260 | - | - | - | (379,260) |
| Other | - | - | - | - | - |
| Total primary government | $ 13,768,678 | $ 5,257,904 | $ 936,273 | $ 1,615,848 | (5,958,653) |

| | |
|---|---|
| General revenues: | |
| Property taxes | 5,227,355 |
| Sales taxes | 2,071,438 |
| Franchise taxes | 1,009,114 |
| Transfer tax | 235,119 |
| Motor vehicle license fees | 7,605 |
| Interest income | 117,578 |
| Unrealized gain (loss) on investments | (10,345) |
| Miscellaneous | 411,858 |
| | 9,069,722 |
| Change in net position | 3,111,069 |
| Net position - beginning | 52,207,808 |
| Change in accounting principle (see Note 4F) | (207,184) |
| Net position - beginning, as restated | 52,000,624 |
| Net position - ending | $ 55,111,693 |

The accompanying notes are an integral part of these financial statements.

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# City of Orinda
## MAJOR FUNDS

| Fund | Description |
|---|---|
| Governmental Funds: | |
| General | Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds. |
| City Capital Projects Fund | Accounts for activities related to the City's major capital projects. |
| Federal Grants Fund | Accounts for federal grant revenues and associated eligible project costs. |
| Community Facilities Maintenance | Accounts for the one-time contribution made by the Orinda Gateway LLC for the purpose of funding the operations and maintenance of the Wilder Community Facilities. |

CITY OF ORINDA
Balance Sheet
Governmental Funds
June 30, 2014

| | Major Funds | | | | |
|---|---|---|---|---|---|
| | General Fund | City Capital Projects Fund | Federal Grants Fund | Community Facilities Maintenance | Other Governmental Funds |
| ASSETS | | | | | |
| Cash and cash equivalents | $ 5,274,873 | $ 225,818 | $ - | $ 1,634,088 | $ 3,186,703 |
| Investments | 2,658,053 | - | - | - | - |
| Accounts receivable | 996,072 | - | 162,923 | - | 899,142 |
| Accrued interest receivable | 7,363 | - | - | 621 | 1,116 |
| Prepaid items and deposits | 95,706 | - | - | - | 4,104 |
| Due from other agencies | - | - | 677,532 | - | - |
| Total unrestricted assets | 9,032,067 | 225,818 | 840,455 | 1,634,709 | 4,091,065 |
| Restricted assets: | | | | | |
| Cash deposits | - | - | - | - | - |
| Investments | 119,037 | - | - | - | - |
| Total restricted assets | 119,037 | - | - | - | - |
| Total assets | $ 9,151,104 | $ 225,818 | $ 840,455 | $ 1,634,709 | $ 4,091,065 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Accounts payable and accrued liabilities | $ 700,132 | $ 70,224 | $ 149,620 | $ - | $ 180,518 |
| Accrued administrative leave | 284,458 | - | - | - | - |
| Deferred revenue | 408,890 | - | - | - | - |
| Due to other agencies | - | - | - | - | 51 |
| Due to other funds | - | - | 690,835 | - | 131,430 |
| Planning and engineering deposits | 48,025 | - | - | - | - |
| Total liabilities | 1,441,505 | 70,224 | 840,455 | - | 311,999 |
| Fund balances | | | | | |
| Restricted | 119,037 | - | - | 1,634,709 | 3,779,066 |
| Committed | - | 155,594 | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned* | 7,590,562 | - | - | - | - |
| Total fund balances | 7,709,599 | 155,594 | - | 1,634,709 | 3,779,066 |
| Total liabilities and fund balances | $ 9,151,104 | $ 225,818 | $ 840,455 | $ 1,634,709 | $ 4,091,065 |

* - Includes $5,000,000 minimum reserve as required by City policy

The accompanying notes are an integral part of these financial statements.

| Capital Projects Funds | Total |
|---|---|
| $ 140,393 | $ 10,461,875 |
| - | 2,658,053 |
| 4,332 | 2,062,469 |
| 53 | 9,153 |
| - | 99,810 |
| - | 677,532 |
| 144,778 | 15,968,892 |
| - | - |
| - | 119,037 |
| - | 119,037 |
| $ 144,778 | $ 16,087,929 |
| $ - | $ 1,100,494 |
| - | 284,458 |
| - | 408,890 |
| - | 51 |
| 4,332 | 826,597 |
| - | 48,025 |
| 4,332 | 2,668,515 |
| 140,446 | 5,673,258 |
| - | 155,594 |
| - | - |
| - | 7,590,562 |
| 140,446 | 13,419,414 |
| $ 144,778 | $ 16,087,929 |

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

| | |
|---|---|
| Total fund balances per Governmental Funds Balance Sheet | $ 13,419,414 |
| Capital assets expensed for "governmental fund" activities, but capitalized as capital assets in the Statement of Net Position, less accumulated depreciation | 47,947,625 |
| Internal service fund equity (including $355,295 in capital assets) | 2,024,654 |
| Proceeds from bond issuance | (9,800,000) |
| Principal reduction applied to liability | 1,520,000 |
| Total net position per Statement of Net Position | $ 55,111,693 |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

| | Major Funds | | | | |
|---|---|---|---|---|---|
| Revenues | General Fund | City Capital Projects Fund | Federal Grants Fund | Community Facilities Maintenance | Nonmajor Special Revenue Funds |
| Taxes | | | | | |
| Property tax and assessments | $ 5,192,626 | $ - | $ - | $ - | $ 584,289 |
| Sales tax | 2,071,438 | - | - | - | - |
| Franchise tax | 1,009,114 | - | - | | - |
| Property transfer tax | 235,119 | - | - | - | - |
| Rent and interest | 132,627 | - | - | 6,788 | 10,934 |
| Recreation fees | | | | - | |
| Recreation class fees | 1,094,004 | - | - | - | - |
| OYA sports fees | 288,340 | - | - | - | - |
| Wagner Ranch sports fees | 50,407 | - | - | - | - |
| Sports field rentals | 258,137 | - | - | - | - |
| Other | 91,506 | - | - | - | - |
| Service fees | | | | - | |
| Vehicle fees and parking fines | 111,785 | - | - | - | - |
| NPDES | - | - | - | - | 318,222 |
| Building inspection | 494,302 | - | - | - | - |
| Planning | 485,700 | - | - | - | - |
| Public works and engineering | 130,804 | - | - | - | - |
| Police | 24,462 | - | - | - | - |
| Other agencies | | | | | |
| Federal | - | - | 1,607,617 | - | - |
| State and local | - | - | - | - | 110,011 |
| Gasoline taxes | - | - | - | - | 566,412 |
| Homeowners tax reimbursement | 34,729 | - | - | - | - |
| Vehicle licenses fees | 7,605 | - | - | - | - |
| Vehicle abatement | 7,699 | - | - | - | - |
| CCTA return to source | - | - | - | - | 818,563 |
| Development impact fees | - | - | - | - | 717,232 |
| Miscellaneous | 127,840 | 273,227 | - | - | - |
| Unrealized gain (loss) on investments | (10,345) | - | - | - | - |
| Total revenues | 11,837,899 | 273,227 | 1,607,617 | 6,788 | 3,125,663 |
| Expenditures | | | | | |
| Current: | | | | | |
| City management | 452,878 | - | - | - | - |
| City attorney | 506,781 | - | - | - | - |
| City clerk | 212,727 | - | - | - | - |
| Administrative services | 305,081 | - | - | - | 429,646 |
| Parks and recreation | 2,149,519 | - | - | 7,390 | - |
| Public works and engineering | 1,402,895 | - | - | - | - |
| Police services | 3,783,388 | - | - | - | - |
| Planning | 795,674 | - | - | - | - |
| Capital improvements | - | - | - | - | 126,850 |
| Lighting and landscaping district | - | - | - | - | 378,606 |
| Library operations | - | - | - | - | 324,230 |
| Drainage Improvements | - | - | - | - | 2,268 |
| Capital outlay: | | | | | |
| Transportation infrastructure improvements | - | 1,487,614 | 1,607,617 | - | 278,768 |
| Debt Service: | | | | | |
| Interest | 379,260 | - | - | - | - |
| Principal payments on bonds | 240,000 | - | - | - | - |
| Total expenditures | 10,228,203 | 1,487,614 | 1,607,617 | 7,390 | 1,540,368 |
| Excess (deficiency) of revenues over expenditures | 1,609,696 | (1,214,387) | - | (602) | 1,585,295 |
| Other financing sources (uses) | | | | | |
| Transfers in | 184,000 | 1,369,981 | - | - | 113,227 |
| Transfers out | (1,595,208) | - | - | - | (84,000) |
| Total other financing sources (uses) | (1,411,208) | 1,369,981 | - | - | 29,227 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 198,488 | 155,594 | - | (602) | 1,614,522 |
| Fund balance - beginning of year | 7,511,111 | - | - | 1,635,311 | 2,164,544 |
| Fund balance - end of year | $ 7,709,599 | $ 155,594 | $ - | $ 1,634,709 | $ 3,779,066 |

The accompanying notes are an integral part of these financial statements.

| Nonmajor Capital Projects Funds | Total Governmental Funds |
|---|---|
| $ - | $ 5,776,915 |
| - | 2,071,438 |
| - | 1,009,114 |
| - | 235,119 |
| 582 | 150,931 |
| - | 1,094,004 |
| - | 288,340 |
| - | 50,407 |
| - | 258,137 |
| - | 91,506 |
| - | 111,785 |
| - | 318,222 |
| - | 494,302 |
| - | 485,700 |
| - | 130,804 |
| - | 24,462 |
| - | 1,607,617 |
| 8,231 | 118,242 |
| - | 566,412 |
| - | 34,729 |
| - | 7,605 |
| - | 7,699 |
| - | 818,563 |
| - | 717,232 |
| - | 401,067 |
| - | (10,345) |
| 8,813 | 16,860,007 |
| - | 452,878 |
| - | 506,781 |
| - | 212,727 |
| - | 734,727 |
| - | 2,156,909 |
| - | 1,402,895 |
| - | 3,783,388 |
| - | 795,674 |
| - | 126,850 |
| - | 378,606 |
| - | 324,230 |
| - | 2,268 |
| 8,231 | 3,382,230 |
| - | 379,260 |
| - | 240,000 |
| 8,231 | 14,879,423 |
| 582 | 1,980,584 |
| - | 1,667,208 |
| - | (1,679,208) |
| - | (12,000) |
| 582 | 1,968,584 |
| 139,864 | 11,450,830 |
| $ 140,446 | $ 13,419,414 |

| | | |
|---|---|---|
| Amounts reported to governmental activities in the Statement of Activities are different because: | | |
| Net change in fund balances - total governmental funds | | 1,968,584 |
| *Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful life and reported as depreciation expense:* | | |
| General fixed assets (not including Internal Service Funds additions of $106,131 and depreciation of $82,325): | | |
| Cost of capital assets - additions | 3,530,524 | |
| Depreciation expense | (2,600,758) | 929,766 |
| *The issuance of long-term debt provides financial resources to governmental funds while principal repayments constitute the use of current financial resources of governmental funds* | | |
| Principal reduction applied to COP bonds liability | | 240,000 |
| Net change in fund balance - internal service fund | | (27,281) |
| Change in net position | | $ 3,111,069 |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Net Position
Internal Service Funds
June 30, 2014

| ASSETS | |
|---|---|
| Cash and cash equivalents | $ 1,687,244 |
| Interest receivable | 655 |
| Prepaid expenses | 885 |
| Property and equipment, net of accumulated depreciation | 355,295 |
| Total assets | $ 2,044,079 |

| LIABILITIES AND NET POSITION | |
|---|---|
| Accounts payable and accrued liabilities | $ 19,425 |
| Total liabilities | 19,425 |
| Net Position | |
| Investment in capital assets | 355,295 |
| Restricted | 864,939 |
| Unrestricted | 804,420 |
| Total net position | 2,024,654 |
| Total liabilities and net position | $ 2,044,079 |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

| | |
|---|---|
| Operating revenues | |
| Charges to operating departments | $ 330,784 |
| Total operating revenues | 330,784 |
| | |
| Operating expenses | |
| Depreciation | 82,325 |
| Administration and general | 235,618 |
| Insurance | 16,521 |
| Other | 55,341 |
| Total operating expenses | 389,805 |
| | |
| Operating loss | (59,021) |
| | |
| Non-operating revenues (expenses) | |
| Interest | 8,949 |
| Disposal of fixed assets | 10,791 |
| Total non-operating revenue | 19,740 |
| | |
| Income before contributions and transfers | (39,281) |
| | |
| Transfers out | (500,000) |
| Transfers in | 512,000 |
| | |
| Change in net position | (27,281) |
| | |
| Total net position - beginning | 2,051,935 |
| | |
| Total net position - ending | $ 2,024,654 |

The accompanying notes are an integral part of these financial statements.

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CITY OF ORINDA
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

| | |
|---|---|
| Cash flows from operating activities | |
| Operating revenue | $ 330,784 |
| Operating expenses | (331,998) |
| Net cash provided by (used in) operating activities | (1,214) |
| | |
| Cash flows from noncapital financing activities | |
| Transfers from other funds, net | 12,000 |
| Net cash provided by noncapital and related financing activities | 12,000 |
| | |
| Cash flows from capital and related financing activities | |
| Purchase of capital assets | (62,275) |
| Disposal of fixed assets | 10,791 |
| Net cash used by capital and related financing activities | (51,484) |
| | |
| Cash flows from investing activities | |
| Interest received | 10,499 |
| Net cash provided by investing activities | 10,499 |
| | |
| Net increase (decrease) in cash and cash equivalents | (30,199) |
| | |
| Cash and cash equivalents | |
| Beginning of year | 1,717,443 |
| | |
| End of year (statement 5) | $ 1,687,244 |

| | |
|---|---|
| Reconciliation of operating income to net cash provided by operating activities | |
| Operating income | $ (59,021) |
| Adjustments to reconcile operating income to net cash provided by operating activities | |
| Depreciation | 82,325 |
| Increase in prepaid assets | 885 |
| Decrease in accounts payable and accrued liabilities | (25,403) |
| | |
| Net cash provided by (used in) operating activities | $ (1,214) |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Net Position
Fiduciary Funds
June 30, 2014

| ASSETS | Total Agency Funds |
|---|---|
| Cash and cash equivalents | $ 3,176,882 |
| Accounts receivable | 246,901 |
| Interest receivable | 277 |
| Total assets | $ 3,424,060 |

| LIABILITIES | |
|---|---|
| Accounts payable and accrued expenses | $ 95,824 |
| Deposits | 2,568,932 |
| Due to bond holders - reserve fund | 332,572 |
| Due to bond holders - debt service | 426,732 |
| Total liabilities | $ 3,424,060 |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Notes to Basic Financial Statements
June 30, 2014
Index


**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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## 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.

### 1. 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).

### 1. 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, 2014.*

*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.

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. In 2014, the Community Facilities Maintenance special revenue fund, which accounts for a one-time contribution made by the Orinda Gateway LLC for the purpose of funding the operations and maintenance of the Wilder Community Facilities, is considered major due to a large cash balance.

*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 four 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. Two of the capital projects funds are considered major for the fiscal year ended June 30, 2014.

**Proprietary funds**

*Internal Service Fund*

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. Under GASB 34 this fund is now 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, risk management, slope emergency stabilization, and the general plan.

*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*.

**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 two agency funds as follows:

- Planning and Engineering Deposits - $2,664,756

- Oaksprings Assessment District - $759,304

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.

**Major and non-major funds**

The funds are further classified as major or non-major as shown on pages 34 – 37 as follows:

| **Fund** | **Brief Description** |
|---|---|
| *Major:* | |
| General Fund | Primary operating Fund of the City |
| City Capital Project Fund | Accounts for transfers from the General Fund and expenditures related to infrastructure improvements |
| Federal Grants Fund | Accounts for grant revenues received and the expenditures of Federal grant monies |
| Community Facilities Maintenance | Accounts for investment earnings and the costs associated with the operations and maintenance of the Wilder Community Facilities |
| *Non-major:* | |
| Special Revenue Funds: | Used to account for proceeds of specific sources that are restricted for expenditures for specific purposes |
| Capital Projects Funds | Accounts for specific capital improvements |

**1. 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 in item b. 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) utilizes 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 6 internal service funds (see pages 106 and 107) 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

Certain eliminations have been made as prescribed by GASB Statement No. 34 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. In December of 2010, GASB issued GASBS No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This statement incorporates pronouncements issued on or before November 30, 1989 into GASB authoritative literature. This includes pronouncements by the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB), and the Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure, unless those pronouncements conflict with or contradict with GASB pronouncements.

*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.

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.

**1. 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. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

**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. See Note 3.E for details of interfund transactions, including receivables and payables at year-end. All interfund receivables, payables or due to/from amounts netted to zero at June 30, 2014.

**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.

*Government-wide Statements*

**Capital assets**

In the government-wide financial statements, the term fixed assets has been replaced by the term 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 fair 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.

*Fund Financial Statements*

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.

In July 2006, the City received $2,500,000 in connection with the developer agreement of the Wilder development. The $2,500,000 was restricted for the purpose of construction of affordable housing at the site of the former library. In December 2012, the City transferred property (the former library site) to the developer, releasing $2.3 million of the construction restriction. The remaining $200,000 was restricted for certain City costs related to affordable housing. In fiscal year 2014, $80,963 was used for costs associated with monitoring the project. The remaining restricted balance at June 30, 2014 is $119,037.

**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).

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.

**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.

**Equity classifications**

*Government-wide Statements*

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

a. *Invested in capital assets, net of related debt*—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 "invested in capital assets, net of related debt."

*Fund Balance Reporting*

Under GASB Statement No. 54, 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 balance* 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.

## 1. E. 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 l<br>50% on February 1 | July 1 |
| Delinquent as of | December 10<br>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 State presently levies a 9.25% sales tax (as of April 1, 2013) on 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 9.25% 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.

### 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.

**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.

**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) |
| | Debt Service |
| | Capital Outlay |

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.

**1. F. 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.

## NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### 2. A. Fund Accounting Requirements

The City complies with all federal, state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

| Fund | Required By |
|---|---|
| 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” |
| CCTA (Measure J) | County proposition - included in “Special Revenue” |
| SLESF (AB 3229) | State law – included in “Special Revenue” |
| Stormwater (NPDES) | 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” |
| Recycling | State law – included in “Special Revenue” |

### 2. 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.

### 2. C. Revenue Restrictions

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

| Revenue Source | Legal Restrictions of Use |
|---|---|
| Gasoline tax | Street purposes |
| CCTA tax (part of sales tax) | Street purposes |
| Assessment districts | Lighting, landscaping, and community facilities |
| Developmental 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 |

For the year ended June 30, 2014, the City complied, in all material respects, with these revenue restrictions.

### 2. D. Debt Restrictions and Covenants

### Certificate of Participation

In September of 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". Additional information can be found at 3. F. Long-Term Debt.

## NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

### 3. A. Cash and Investments

The City had the following cash and investments at June 30, 2014:

| | | Moody Rating |
|---|---|---|
| **Cash and Cash Equivalents:** | | |
| Cash deposits in bank checking accounts | $ 1,202,989 | N/A |
| Investment account cash | 1,020,434 | N/A |
| Petty Cash | 630 | N/A |
| Local Agency Investment Fund - State of California | 12,275,351 | N/A |
| **Total Cash and Cash Equivalents** | 14,499,404 | |
| **Investments** | | |
| Investment in CDs maturing November 2014 to May 2017 | 2,777,090 | |
| **Total Investments** | 2,777,090 | |
| **Total Cash and Investments** | $ 17,276,494 | |

**Reconciliation to Financial Statements:**

| | | |
|---|---|---|
| *Governmental Funds Balance Sheet (Statement 3):* | | |
| Cash and cash equivalents | $ | 10,461,875 |
| Negative cash balances reclassed as 'due to other funds' | | (826,597) |
| Investments | | 2,658,053 |
| Cash and investments – restricted | | 119,037 |
| | | 12,412,368 |
| *Internal Service Funds (Statement 5)* | | |
| Cash and cash equivalents | | 1,687,244 |
| *Fiduciary Funds (Statement 8)* | | |
| Cash and cash equivalents | | 3,176,882 |
| Total cash and investments | $ | 17,276,494 |
| | | |
| *Statement 1:* | | |
| Cash and cash equivalents | $ | 11,322,522 |
| Investments | | 2,658,053 |
| Restricted – cash and investments | | 119,037 |
| | | 14,099,612 |
| *Statement 8:* | | |
| Fiduciary Funds – cash and cash equivalents | | 3,176,882 |
| | $ | 17,276,494 |

The City's investments with the Local Agency Investment Fund (LAIF) at June 30, 2014, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

*Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.*

*Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.*

As of June 30, 2014, the City had $12,275,351 invested in LAIF, which had invested 1.86% of the pooled investment fund in structured notes and asset-backed securities.

At June 30, 2014, the book amount of the City's deposits were $1,202,989; however, bank balances before outstanding checks were $1,674,434 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed in the following.

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.

The City is authorized to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper with certain minimum ratings, certificates of deposit, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool (Local Agency Investment Fund).

City Investment Policy

The City is authorized by State statutes and in accordance with the City's investment Policy (reviewed annually, last updated May 6, 2014) to invest in the following:

| | Maximum Limit of Pool |
|---|---|
| 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 the 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% |
| Banker 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 | 30% |

California Government Code also allows investments in the following media:

| | Maximum Limit of Pool |
|---|---|
| Repurchase Agreements and Reverse Repurchase Agreements | 10% |
| Negotiable Certificates of Deposit | 10% |
| Bonds issued by local agencies | 10% |
| State warrants, treasury notes, and bonds | 10% |
| Mortgage securities | 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.

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.

In accordance with GASB Statement No. 31, 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.

**3. B. 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, 2014. They include:

| | | |
|---|---|---|
| CCTA | $ | 591,881 |
| Assessments | | 222,602 |
| State of California | | 151,417 |
| Municipal Pooling Authority | | 130,071 |
| Comcast - Franchise Fees | | 92,750 |
| Miscellaneous under $70,000 | | 1,025,165 |
| Allowance for Bad Debts | | (151,417) |
| | $ | 2,062,469 |

The City annually submits, to the State of California, a request for reimbursement for various mandated costs. Due to budget constraints, the State has suspended or delayed many of the reimbursements to local agencies. As of June 30, 2014, the total amount of unpaid reimbursements due to the City of Orinda is $435,637. This amount includes reimbursement requests for fiscal years 1994/95 through 2011/12. Included in the fiscal year 2014/15 State budget is an appropriation to reimburse amounts owed to local governments *if State revenues exceed forecasts.* Because of the uncertainty of the amount and the timing of possible payments from the State, the City does not show mandated cost reimbursements as accounts receivable.

The City has reasonable assurance that all receivables will be collected with the exception of the amount due from the State of California Office of Emergency Services ($151,517) for costs incurred in 2007 for emergency operations as a result of storm damage. An allowance for bad debts has been established in the event this amount is uncollectible.

### 3. C. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows (including General Fund assets and Internal Service Fund capital assets):

| | Balance July 1, 2013 | Additions | Disposals | Transfers | Balance June 30, 2014 |
|---|---|---|---|---|---|
| Capital assets not being depreciated | | | | | |
| Parkland & improvements | $ 1,295,205 | $ - | $ - | $ - | $ 1,295,205 |
| Work in progress | 5,115,971 | 3,530,524 | - | (2,568,804) | 6,077,691 |
| Total capital assets not being depreciated | 6,411,176 | 3,530,524 | - | (2,568,804) | 7,372,896 |
| Capital assets being depreciated | | | | | |
| Buildings, grounds & improvements | 29,035,638 | - | (45,055) | - | 28,990,583 |
| Furniture & equipment | 2,498,866 | 106,131 | (522,149) | - | 2,082,848 |
| Infrastructure | 71,113,067 | - | - | 2,568,804 | 73,681,871 |
| Total capital assets being depreciated | 102,647,571 | 106,131 | (567,204) | 2,568,804 | 104,755,302 |
| Accumulated depreciation | | | | | |
| Buildings, grounds & improvements | 7,182,476 | 725,380 | (13,324) | - | 7,894,532 |
| Furniture & equipment | 2,132,518 | 89,470 | (508,256) | - | 1,713,732 |
| Infrastructure | 52,348,781 | 1,868,233 | - | - | 54,217,014 |
| Total accumulated depreciation | 61,663,775 | 2,683,083 | (521,580) | - | 63,825,278 |
| Net capital assets being depreciated | 40,983,796 | (2,576,952) | (45,624) | 2,568,804 | 40,930,024 |
| Total net capital assets | $ 47,394,972 | $ 953,572 | $ (45,624) | $ - | $ 48,302,920 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 321,767 |
| Public safety | 3,237 |
| Highways and streets | 1,869,806 |
| Culture and recreation | 405,948 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 82,325 |
| Total depreciation expense – governmental activities | $ 2,683,083 |

### 3. D. Accounts Payable

Accounts payable in the governmental funds are composed of payables to various vendors during the normal course of business. At June 30, 2014, the most significant general fund payable was the payable to the Contra Costa County Sheriff totaling $237,702. The most significant non-major fund payable at June 30, 2014 was a $53,910 payable to the Contra Costa County from the Library Fund for library services for the quarter ended June 30, 2014.

### 3. E. Interfund Transfers

| Fund | Transfers In | Transfers Out |
|---|---|---|
| General Fund | $ 184,000 | $ 1,595,208 |
| City capital projects fund | 1,369,981 | - |
| Nonmajor special revenue funds | 113,227 | 84,000 |
| Internal service funds | 512,000 | 500,000 |
| | $ 2,179,208 | $ 2,179,208 |

Transfers are used to (a) move revenues from the fund that statute or budget requires for recording purposes to the project fund for expenditure and (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The General Fund transfers in include $100,000 from the SLES Fund and $84,000 from the wilder Community Facilities District Fund. The General Fund transfers out include $500,000 to the Slope Emergency Stabilization Fund, $45,536 to the M-11 Lighting and Landscape District, $250,000 to the Capital Improvement Fund fort eh Drainage Master Plan, $100,000 to the General Plan Fund, $12,000 to the Risk Management Fund, $619,981 to the Capital Improvement Fund for the Tarabrook project, and $67,691 to the Park Dedication Fee Fund.

### 3. F. Long-Term Debt

The City's long-term debt consists of a Certificate of Participation (COP) in the original amount of $9,800,000 issued in fiscal year 2006. The following is the scheduled debt service obligation:

Certificate of Participation – Issued 2006

| | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 250,000 | $ 369,660 | $ 619,660 |
| 2016 | 260,000 | 359,660 | 619,660 |
| 2017 | 270,000 | 349,260 | 619,260 |
| 2018 | 285,000 | 338,460 | 623,460 |
| 2019 | 295,000 | 327,060 | 622,060 |
| 2020 – 2024 | 1,660,000 | 1,446,426 | 3,106,426 |
| 2025 – 2029 | 2,055,000 | 1,047,938 | 3,102,938 |
| 2030 – 2034 | 2,610,000 | 501,276 | 3,111,276 |
| 2035 | 595,000 | 26,776 | 621,776 |
| | $ 8,280,000 | $ 4,766,516 | $ 13,046,516 |

| Principal Balance July 1, 2013 | Additions | Reductions | Principal Balance June 30, 2014 | Due within one year |
|---|---|---|---|---|
| $ 8,520,000 | - | $ (240,000) | $ 8,280,000 | $ 250,000 |

### 3.G. Accrued Compensated Absences

The accrued liability for compensated absences for the fiscal year ending June 30, 2014 was $284,458. Of this, $56,892, or 20%, is considered a current liability, and the remaining $227,566 is noncurrent.

| Balance June 30, 2013 | Additions (Reductions) | Balance June 30, 2014 | Estimated Current Portion |
|---|---|---|---|
| $291,341 | $ (6,883) | $ 284,458 | $ 56,892 |

## NOTE 4. OTHER NOTES

### 4. A. Retirement Plans

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

The employees of the City accumulate retirement benefits through three defined contributions plans with the ICMA Retirement Corporation. All contributions are by the City and are based on a percentage of base salary (7.5 – 10.0%), with vesting over a three-year period 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.

The following summarizes transactions in the Plan for the year ended June 30, 2014:

| | | |
|---|---|---|
| Defined contribution retirement plan: | | |
| Balance June 30, 2013 | $ | 4,756,620 |
| Contributions | | 495,348 |
| Disbursements, net | | (288,974) |
| Earnings | | 814,587 |
| Balance June 30, 2014 | $ | 5,777,581 |

**Deferred compensation plan (Internal Revenue Code Section 457)**

For the fiscal year ended June 30, 2014, employees had an option of participating in a deferred compensation plan where contributions are from employee earnings at a maximum of 25% of earnings with the City matching up to 3% and with the total contributions not to 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.

The following summarizes transactions in the 457 Plan for the year ended June 30, 2014:

| | | |
|---|---|---|
| Deferred compensation plan: | | |
| Balance June 30, 2013 | $ | 3,653,436 |
| Contributions | | 529,449 |
| Disbursements and adjustments | | (320,059) |
| Earnings | | 572,774 |
| Balance June 30, 2014 | $ | 4,435,600 |

## 4. B. 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, 2014:

| | 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 | $ 25,000,000 | $ 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 | $ - |

The total coverage includes the City's deductible, the portion underwritten by MPA 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.

## 4. C. 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, 2014, the risk management fund had net position of $623,311. Additional details are on pages 106 and 107.

In September 2005, a suit was filed against the City related to drainage affecting several parcels. While the City entered into a conditional settlement in 2012, there is still a possibility of that settlement failing. In the event of the settlement failing, the outcome would be unfavorable to the City. At this time it is not possible to estimate the potential loss, and the City's coverage through the MPA has nearly been exhausted.

**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 of 1984 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.

**4. D. 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, Resolutions 09-07 was approved authorizing CSCDA to form a Community Facilities District (CFD). The district was formed in May 2007, for the purpose of financing the construction of public improvements and provision of public services necessary to meet increased demands placed on the City as a result of the Wilder Project.

The improvements to be constructed include facilities such as the storm drain system, sanitary sewer system, water distribution system, maintenance facility, Community Facilities, ball fields, street improvements, landscaping and utilities. These improvements will be financed through the sale of Special Tax Bonds, the issuance of $30 million occurred in December 2007. At the completion of each improvement, the improvement will be turned over to the City or major utility. At that time the developer will be reimbursed from the proceeds of the bonds, which are held in trust, for the costs related to that improvement. All costs are the responsibility of the developer, with the City having no responsibility for any costs. The repayment of the bonds will be through a special tax lien to be paid in full at close of escrow of the sale of each lot to the initial homebuyer.

Since the JPA 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.

**4. E. New Accounting Pronouncements**

In March of 2012, GASB issued GASBS No. 65, *Items Previously Reported as Assets and Liabilities.* This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City is required to implement the provisions of this Statement for the current fiscal year. This Statement resulted in a change in current practice, and had a material effect on the financial statements of the City. See note 4.F. for more detail.

In March of 2012, GASB issued GASBS No. 66, *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. The City is required to implement the provisions of this Statement for the current fiscal year. This Statement did not result in a change in current practice, or have a material effect on the financial statements of the City.

In June of 2012, GASB issued GASBS No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. The City is required to implement to provisions of this Statement for the current fiscal year. This Statement did not result in a change in current practice, or have a material effect on the financial statements of the City.

In June of 2012, GASB issued GASBS No. 68, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The City is required to implement to provisions of this Statement for the year ended June 30, 2015 (effective for periods beginning after June 15, 2014). This Statement will not result in a change in current practice, or have a material effect on the financial statements of the City.

In January of 2013, GASB issued GASBS No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The City is required to implement provisions of this Statement for the year ended June 30, 2015 (effective for periods beginning after December 15, 2013). This Statement will not result in a change in current practice, or have a material effect on the financial statements of the City.

In April of 2013, GASB issued GASBS No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting. The City is required to implement provisions of this Statement for the year ended June 30, 2014 (effective for periods beginning after June 15, 2013). This Statement will not result in a change in current practice, or have a material effect on the financial statements of the City.

In November of 2013, GASB issued GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The City is required to implement provisions of this Statement simultaneously with the provisions of Statement 68 for the year ended June 30, 2015 (effective for periods beginning after June 15, 2014). This Statement may result in a change in current practice, and may have a material effect on the financial statements of the City.

**4.F. Change in Accounting Principle**

For the fiscal year ended June 30, 2014, the City was required to implement the provisions of GASBS No. 65 (see note 4.E. for more detail). To be more correctly matched with the period in which the expense occurred, this Statement no longer allows the capitalization of bond issuance costs. This resulted in the reduction of beginning net position of $207,168. The amount is comprised of $281,668 in bond issuance costs, net of accumulated amortization of $74,500.

**4. G. Subsequent Events**

Management has evaluated subsequent events through November 26, 2014, the date on which the financial statements were available to be issued. No material subsequent events were noted for the purposes of this report.

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# Required Supplementary Information

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 source.

The biennial budget process sets forth the 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 the Council, which sets the level of authorized funding for the fiscal year.

The Year 2 budget is also approved but is not 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
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Fund
For the Year Ended June 30, 2014

| | General Funds | | | |
|---|---|---|---|---|
| | Original Budget | Amended Budget | Actual | Variance |
| Revenues | | | | |
| Taxes | | | | |
| Property tax and assessments | $ 3,460,800 | $ 3,645,000 | $ 3,677,835 | $ 32,835 |
| Property tax in lieu of VLF | 1,443,100 | 1,455,000 | 1,514,791 | 59,791 |
| Sales tax | 1,631,251 | 1,905,700 | 2,071,438 | 165,738 |
| Franchise tax | 990,000 | 990,000 | 1,009,114 | 19,114 |
| Property transfer tax | 164,800 | 250,000 | 235,119 | (14,881) |
| Rent and interest | 197,780 | 197,780 | 132,627 | (65,153) |
| Unrealized gain on investments | - | - | (10,345) | (10,345) |
| Recreation fees | | | | |
| Recreation class fees | 1,124,620 | 1,124,620 | 1,094,004 | (30,616) |
| OYA sports fees | 291,400 | 291,400 | 288,340 | (3,060) |
| Sports field rentals | 311,300 | 331,300 | 258,137 | (73,163) |
| Wagner Ranch sports | 78,000 | 78,000 | 50,407 | (27,593) |
| Other | 75,940 | 75,940 | 91,506 | 15,566 |
| Service fees | | | | |
| Vehicle and parking fines | 200,000 | 200,000 | 111,785 | (88,215) |
| Building inspection | 390,000 | 500,000 | 494,302 | (5,698) |
| Planning | 330,000 | 415,000 | 485,700 | 70,700 |
| Public works and engineering | 271,000 | 141,000 | 130,804 | (10,196) |
| Police | 30,000 | 70,000 | 24,462 | (45,538) |
| Other agencies | | | | |
| Homeowners tax reimbursement | 35,040 | 35,040 | 34,729 | (311) |
| Vehicle licenses fees | - | - | 7,605 | 7,605 |
| Vehicle abatement | - | - | 7,699 | 7,699 |
| Miscellaneous | 40,000 | 86,257 | 127,840 | 41,583 |
| Total revenues | 11,065,031 | 11,792,037 | 11,837,899 | 45,862 |
| Expenditures | | | | |
| City management/policy and legal | 1,316,493 | 1,427,493 | 1,172,386 | 255,107 |
| Finance/administrative services | 606,087 | 641,462 | 684,341 | (42,879) |
| Police services | 4,190,523 | 4,190,524 | 3,783,388 | 407,136 |
| Public works / engineering | 2,274,296 | 2,317,416 | 1,402,895 | 914,521 |
| Parks and recreation | 2,106,262 | 2,113,761 | 2,149,519 | (35,758) |
| Planning | 804,876 | 837,876 | 795,674 | 42,202 |
| Principal payments on bonds | - | - | 240,000 | (240,000) |
| Total expenditures | 11,298,537 | 11,528,532 | 10,228,203 | 1,300,329 |
| Excess (deficiency) of revenues over expenditures | (233,506) | 263,505 | 1,609,696 | 1,346,191 |
| Other financing sources (uses) | | | | |
| Transfers in | 184,000 | 184,000 | 184,000 | - |
| Transfers out | (1,498,564) | (1,563,564) | (1,595,208) | (31,644) |
| Total other financing sources (uses) | (1,314,564) | (1,379,564) | (1,411,208) | (31,644) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (1,548,070) | $ (1,116,059) | 198,488 | $ 1,314,547 |
| Fund equity - beginning of year | | | 7,511,111 | |
| Fund equity - end of year | | | $ 7,709,599 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
City Capital Projects
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| General revenues | $ - | $ - | $ 273,227 | $ 273,227 |
| Total revenues | - | - | 273,227 | 273,227 |
| Expenditures | | | | |
| Capital improvement | 910,870 | 910,870 | 1,487,614 | (576,744) |
| Total expenditures | 910,870 | 910,870 | 1,487,614 | (576,744) |
| Excess (deficiency) of revenues over expenditures | (910,870) | (910,870) | (1,214,387) | (303,517) |
| Other financing sources (uses) | | | | |
| Transfers in | 1,051,774 | 1,051,774 | 1,369,981 | 318,207 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 1,051,774 | 1,051,774 | 1,369,981 | 318,207 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 140,904 | $ 140,904 | 155,594 | $ 14,690 |
| Fund equity - beginning of year | | | - | |
| Fund equity - end of year | | | $ 155,594 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Federal Grants
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| General revenues | $ - | $ - | $ - | $ - |
| Manzanita bridge replacement | 1,774,000 | 1,774,000 | 1,607,617 | (166,383) |
| North Lane Stormwater | 339,500 | 339,500 | - | (339,500) |
| Total revenues | 2,113,500 | 2,113,500 | 1,607,617 | (505,883) |
| Expenditures | | | | |
| Public works | 2,113,500 | 2,113,500 | 1,607,617 | 505,883 |
| Total expenditures | 2,113,500 | 2,113,500 | 1,607,617 | 505,883 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | - | $ - |
| Fund equity - beginning of year | | | - | |
| Fund equity - end of year | | | $ - | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Community Facilities Maintenance
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ 4,200 | $ 4,200 | $ 6,788 | $ 2,588 |
| Total revenues | 4,200 | 4,200 | 6,788 | 2,588 |
| Expenditures | | | | |
| Public works administration | - | - | - | - |
| Parks and recreation | - | - | 7,390 | (7,390) |
| Total expenditures | - | - | 7,390 | (7,390) |
| Excess (deficiency) of revenues over expenditures | 4,200 | 4,200 | (602) | (4,802) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 4,200 | $ 4,200 | (602) | $ (4,802) |
| Fund equity - beginning of year | | | 1,635,311 | |
| Fund equity - end of year | | | $ 1,634,709 | |

The accompanying notes are an integral part of these financial statements.

# Combining and Individual Fund Financial Statements and Schedules

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| Fund | Description |
| --- | --- |
| Measure L Sales Tax | Accounts for all revenue received from the add-on sales tax (Measure L) and the expenses as appropriated through the budget process. |
| Community Improvement Fund | Accounts for activities related to the City's community events. |

CITY OF ORINDA
Combining Balance Sheet
General Funds
June 30, 2014

| | General Fund | Measure L Sales Tax | Community Improvement Fund | Total |
|---|---|---|---|---|
| ASSETS | | | | |
| Cash and cash equivalents | $ 4,303,234 | $ 971,639 | $ - | $ 5,274,873 |
| Investments | 2,658,053 | - | - | 2,658,053 |
| Accounts receivable | 830,272 | 165,800 | - | 996,072 |
| Accrued interest receivable | 7,027 | 336 | - | 7,363 |
| Prepaid items and deposits | 95,706 | - | - | 95,706 |
| Total unrestricted assets | 7,894,292 | 1,137,775 | - | 9,032,067 |
| Restricted Assets: | | | | |
| Cash deposits with fiscal agent | - | | | - |
| Investments | 119,037 | - | - | 119,037 |
| Total restricted assets | 119,037 | - | - | 119,037 |
| Total assets | $ 8,013,329 | $ 1,137,775 | $ - | $ 9,151,104 |
| LIABILITIES AND FUND BALANCES | | | | |
| Accounts payable and accrued liabilities | $ 699,719 | $ 413 | $ - | $ 700,132 |
| Accrued administrative leave | 284,458 | - | - | 284,458 |
| Deferred revenue | 408,890 | - | - | 408,890 |
| Planning and engineering deposits | 48,025 | - | - | 48,025 |
| Total liabilities | 1,441,092 | 413 | - | 1,441,505 |
| Fund balance | | | | |
| Restricted | 119,037 | - | - | 119,037 |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | 6,453,200 | 1,137,362 | - | 7,590,562 |
| Total fund balance | 6,572,237 | 1,137,362 | - | 7,709,599 |
| Total liabilities and fund balances | $ 8,013,329 | $ 1,137,775 | $ - | $ 9,151,104 |

CITY OF ORINDA
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
General Funds
For the Year Ended June 30, 2014

| Revenues | General Fund | Measure L Sales Tax | Community Improvement Fund | Total |
|---|---|---|---|---|
| Taxes | | | | |
| Property tax and assessments | $ 5,192,626 | $ - | $ - | $ 5,192,626 |
| Sales tax | 991,134 | 1,080,304 | - | 2,071,438 |
| Franchise tax | 1,009,114 | - | - | 1,009,114 |
| Property transfer tax | 235,119 | - | - | 235,119 |
| Rent and interest | 130,686 | 1,941 | - | 132,627 |
| Recreation fees | | | | |
| Recreation class fees | 1,094,004 | - | - | 1,094,004 |
| OYA sports fees | 288,340 | - | - | 288,340 |
| Sports field rentals | 258,137 | - | - | 258,137 |
| Wagner Ranch sports fees | 50,407 | - | - | 50,407 |
| Other | 91,506 | - | - | 91,506 |
| Service fees | | | | |
| Vehicle and parking fines | 111,785 | - | - | 111,785 |
| Building inspection | 494,302 | - | - | 494,302 |
| Planning | 485,700 | - | - | 485,700 |
| Public works and engineering | 130,804 | - | - | 130,804 |
| Police | 24,462 | - | - | 24,462 |
| Other agencies | | | | |
| Homeowners tax reimbursement | 34,729 | - | - | 34,729 |
| Vehicle licenses fees | 7,605 | - | - | 7,605 |
| Vehicle abatement | 7,699 | - | | 7,699 |
| Miscellaneous | 91,440 | 36,400 | - | 127,840 |
| Unrealized gain (loss) on investments | (10,345) | - | - | (10,345) |
| Total revenues | 10,719,254 | 1,118,645 | - | 11,837,899 |
| Expenditures | | | | |
| City management | 452,878 | - | - | 452,878 |
| City attorney | 506,781 | - | - | 506,781 |
| City clerk | 212,727 | - | - | 212,727 |
| Administrative services | 305,081 | - | - | 305,081 |
| Parks and recreation | 2,149,519 | - | - | 2,149,519 |
| Public works and engineering | 1,350,524 | 50,930 | 1,441 | 1,402,895 |
| Police services | 3,783,388 | - | - | 3,783,388 |
| Planning | 795,674 | - | - | 795,674 |
| Debt Service: | | | | |
| Interest | 379,260 | - | - | 379,260 |
| Principal payments on bonds | 240,000 | - | - | 240,000 |
| Total expenditures | 10,175,832 | 50,930 | 1,441 | 10,228,203 |
| Excess (deficiency) of revenues over expenditures | 543,422 | 1,067,715 | (1,441) | 1,609,696 |
| Other financing sources (uses) | | | | |
| Transfers in | 184,000 | - | - | 184,000 |
| Transfers out | (1,595,208) | - | - | (1,595,208) |
| Total other financing sources (uses) | (1,411,208) | - | - | (1,411,208) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | (867,786) | 1,067,715 | (1,441) | 198,488 |
| Fund balance - beginning of year | 7,440,023 | 69,647 | 1,441 | 7,511,111 |
| Fund balance - end of year | $ 6,572,237 | $ 1,137,362 | $ - | $ 7,709,599 |

# City of Orinda
## NON-MAJOR GOVERNMENTAL FUNDS
## SPECIAL REVENUE FUNDS

| Fund | Description |
|---|---|
| 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 of 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 | Account 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. |
| 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. |

# City of Orinda
## NON-MAJOR GOVERNMENTAL FUNDS
## SPECIAL REVENUE FUNDS

| Fund | Description |
|---|---|
| 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. |
| Wilder Community Facilities District | 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. |

CITY OF ORINDA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

| | Gas Tax | Transportation Impact | Drainage Impact | Library | Park Dedication | Tree Mitigation |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | $ 516,078 | $ 1,149,478 | $ 268,554 | $ 313,054 | $ 586,423 | $ 77,105 |
| Accounts receivable | 55,935 | - | 1,800 | - | - | - |
| Accrued interest receivable | 169 | 434 | 92 | 117 | 187 | 29 |
| Prepaid expenses | - | - | - | - | - | - |
| Total assets | $ 572,182 | $ 1,149,912 | $ 270,446 | $ 313,171 | $ 586,610 | $ 77,134 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Accounts payable and accrued liabilities | $ 11,889 | $ 15,705 | $ - | $ 62,399 | $ - | $ - |
| Due to other funds | - | - | - | - | - | - |
| Due to other agencies | - | - | - | - | - | - |
| Total liabilities | 11,889 | 15,705 | - | 62,399 | - | - |
| Fund balance | | | | | | |
| Restricted | 560,293 | 1,134,207 | 270,446 | 250,772 | 586,610 | 77,134 |
| Committed | - | - | - | - | - | - |
| Total fund balance | 560,293 | 1,134,207 | 270,446 | 250,772 | 586,610 | 77,134 |
| Total liabilities and fund equity | $ 572,182 | $ 1,149,912 | $ 270,446 | $ 313,171 | $ 586,610 | $ 77,134 |

CITY OF ORINDA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

| Recycling | State AB 3229 S.L.E.S.F. Programs | CCTA | District L-42 | District M-9 | District M-11 | Wilder CFD | Stormwater | Total |
|---|---|---|---|---|---|---|---|---|
| $ 12,239 | $ - | $ 84,910 | $ 4,211 | $ 2,612 | $ 5,240 | $ - | $ 166,799 | $ 3,186,703 |
| 5,006 | 8,828 | 591,881 | - | - | - | 222,602 | 13,090 | 899,142 |
| 5 | - | 22 | 2 | 1 | - | - | 58 | 1,116 |
| - | - | - | 1 | 1 | 436 | 818 | 2,848 | 4,104 |
| $ 17,250 | $ 8,828 | $ 676,813 | $ 4,214 | $ 2,614 | $ 5,676 | $ 223,420 | $ 182,795 | $ 4,091,065 |
| $ - | $ - | $ 30,232 | $ 454 | $ 1,218 | $ 5,672 | $ 39,051 | $ 13,898 | $ 180,518 |
| - | 3,651 | 14,592 | - | - | - | 113,187 | - | 131,430 |
| - | - | - | - | - | 4 | - | 47 | 51 |
| - | 3,651 | 44,824 | 454 | 1,218 | 5,676 | 152,238 | 13,945 | 311,999 |
| 17,250 | 5,177 | 631,989 | 3,760 | 1,396 | - | 71,182 | 168,850 | 3,779,066 |
| - | - | - | - | - | - | - | - | - |
| 17,250 | 5,177 | 631,989 | 3,760 | 1,396 | - | 71,182 | 168,850 | 3,779,066 |
| $ 17,250 | $ 8,828 | $ 676,813 | $ 4,214 | $ 2,614 | $ 5,676 | $ 223,420 | $ 182,795 | $ 4,091,065 |

CITY OF ORINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2014

| | Gas Tax | Transportation Impact | Drainage Impact | Library | Park Dedication | Tree Mitigation |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Property tax and assessments | $ - | $ - | $ - | $ 306,735 | $ - | $ - |
| Interest | 1,048 | 5,204 | 749 | 1,116 | 1,842 | 348 |
| Gasoline tax | 566,412 | - | - | - | - | - |
| State grant | - | - | - | - | - | - |
| Development impact fees | - | 404,476 | 181,795 | - | 130,961 | - |
| C.O.P.S. - State AB 3229 | - | - | - | - | - | - |
| Miscellaneous donations | - | - | - | - | - | - |
| NPDES revenues | - | - | - | - | - | - |
| CCTA return to source | - | - | - | - | - | - |
| | 567,460 | 409,680 | 182,544 | 307,851 | 132,803 | 348 |
| Expenditures | | | | | | |
| Landscaping and street maintenance | - | - | - | - | - | 10,250 |
| Utilities | - | - | - | 923 | - | - |
| Engineering | - | - | - | - | - | - |
| Library services | - | - | - | 324,230 | - | - |
| Personnel Costs | - | - | - | - | - | - |
| Transportation infrastr. improvements | 58,107 | 220,199 | - | - | - | - |
| Capital projects | - | - | - | - | 126,850 | - |
| Contract Services | 456 | - | - | - | - | 2,000 |
| Drainage improvements | - | - | - | - | - | - |
| Supplies and Materials | 1,286 | 14,709 | 7,036 | - | - | - |
| Other | - | - | - | - | - | - |
| | 59,849 | 234,908 | 7,036 | 325,153 | 126,850 | 12,250 |
| Excess (deficiency) of revenues over expenditures | 507,611 | 174,772 | 175,508 | (17,302) | 5,953 | (11,902) |
| Transfers in | - | - | - | - | 67,691 | - |
| Transfers out | - | - | - | - | - | - |
| Net transfers in (out) | - | - | - | - | 67,691 | - |
| Excess of revenues over expenditures, net of transfers | 507,611 | 174,772 | 175,508 | (17,302) | 73,644 | (11,902) |
| Fund equity - beginning of year | 52,682 | 959,435 | 94,938 | 268,074 | 512,966 | 89,036 |
| Fund equity - end of year | $ 560,293 | $ 1,134,207 | $ 270,446 | $ 250,772 | $ 586,610 | $ 77,134 |

| Recycling | State AB 3229 S.L.E.S.F. Programs | CCTA | District L-42 | District M-9 | District M-11 | Wilder CFD | Stormwater | Total |
|---|---|---|---|---|---|---|---|---|
| $ - | $ - | $ - | $ 5,888 | $ 9,028 | $ 40,036 | $ 222,602 | $ - | $ 584,289 |
| 58 | - | 55 | 13 | 5 | - | 144 | 352 | 10,934 |
| - | - | - | - | - | - | - | - | 566,412 |
| 5,006 | - | - | - | - | - | - | - | 5,006 |
| - | - | - | - | - | - | - | - | 717,232 |
| - | 105,005 | - | - | - | - | - | - | 105,005 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 318,222 | 318,222 |
| - | - | 818,563 | - | - | - | - | - | 818,563 |
| 5,064 | 105,005 | 818,618 | 5,901 | 9,033 | 40,036 | 222,746 | 318,574 | 3,125,663 |
| - | - | - | - | - | 31,528 | - | - | 41,778 |
| - | - | - | 3,232 | 6,786 | 22,706 | 196,936 | 398 | 230,981 |
| - | - | - | 839 | 1,023 | 3,042 | - | - | 4,904 |
| - | - | - | - | - | - | - | - | 324,230 |
| - | - | 902 | 1,565 | 1,567 | 27,353 | - | 316,852 | 348,239 |
| - | - | 462 | - | - | - | - | - | 278,768 |
| - | - | - | - | - | - | - | - | 126,850 |
| - | - | 47,270 | - | - | - | - | - | 49,726 |
| - | - | - | - | - | - | - | 2,268 | 2,268 |
| 8,072 | - | - | - | - | - | - | 578 | 31,681 |
| - | 100,000 | - | - | - | 943 | - | - | 100,943 |
| 8,072 | 100,000 | 48,634 | 5,636 | 9,376 | 85,572 | 196,936 | 320,096 | 1,540,368 |
| (3,008) | 5,005 | 769,984 | 265 | (343) | (45,536) | 25,810 | (1,522) | 1,585,295 |
| - | - | - | - | - | 45,536 | - | - | 113,227 |
| - | - | - | - | - | - | (84,000) | - | (84,000) |
| - | - | - | - | - | 45,536 | (84,000) | - | 29,227 |
| (3,008) | 5,005 | 769,984 | 265 | (343) | - | (58,190) | (1,522) | 1,614,522 |
| 20,258 | 172 | (137,995) | 3,495 | 1,739 | - | 129,372 | 170,372 | 2,164,544 |
| $ 17,250 | $ 5,177 | $ 631,989 | $ 3,760 | $ 1,396 | $ - | $ 71,182 | $ 168,850 | $ 3,779,066 |

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Gas Tax
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Gas tax | $ 524,726 | $ 524,726 | $ 566,412 | $ 41,686 |
| Interest | - | - | 1,048 | 1,048 |
| Total revenues | 524,726 | 524,726 | 567,460 | 42,734 |
| Expenditures | | | | |
| Public works | 474,704 | 474,704 | 59,849 | 414,855 |
| Total expenditures | 474,704 | 474,704 | 59,849 | 414,855 |
| Excess (deficiency) of revenues over expenditures | 50,022 | 50,022 | 507,611 | 457,589 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 50,022 | $ 50,022 | 507,611 | $ 457,589 |
| Fund equity - beginning of year | | | 52,682 | |
| Fund equity - end of year | | | $ 560,293 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Transportation Impact
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Impact fees | $ 50,000 | $ 350,000 | $ 404,476 | $ 54,476 |
| Interest | - | - | 5,204 | 5,204 |
| Total revenues | 50,000 | 350,000 | 409,680 | 59,680 |
| Expenditures | | | | |
| Public works | 223,600 | 223,600 | 234,908 | (11,308) |
| Total expenditures | 223,600 | 223,600 | 234,908 | (11,308) |
| Excess (deficiency) of revenues over expenditures | (173,600) | 126,400 | 174,772 | 48,372 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (173,600) | $ 126,400 | 174,772 | $ 48,372 |
| Fund equity - beginning of year | | | 959,435 | |
| Fund equity - end of year | | | $ 1,134,207 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Drainage Impact
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Impact fees | $ 125,000 | $ 125,000 | $ 181,795 | $ 56,795 |
| Interest | - | - | 749 | 749 |
| Total revenues | 125,000 | 125,000 | 182,544 | 57,544 |
| Expenditures | | | | |
| Public works | 69,157 | 69,157 | 7,036 | 62,121 |
| Total expenditures | 69,157 | 69,157 | 7,036 | 62,121 |
| Excess (deficiency) of revenues over expenditures | 55,843 | 55,843 | 175,508 | 119,665 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 55,843 | $ 55,843 | 175,508 | $ 119,665 |
| Fund equity - beginning of year | | | 94,938 | |
| Fund equity - end of year | | | $ 270,446 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Library Assessment District
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 307,234 | $ 307,234 | $ 306,735 | $ (499) |
| Interest | 616 | 616 | 1,116 | 500 |
| Total revenues | 307,850 | 307,850 | 307,851 | 1 |
| Expenditures | | | | |
| Parks and recreation | 306,708 | 306,708 | 325,153 | (18,445) |
| Total expenditures | 306,708 | 306,708 | 325,153 | (18,445) |
| Excess (deficiency) of revenues over expenditures | 1,142 | 1,142 | (17,302) | (18,444) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 1,142 | $ 1,142 | (17,302) | $ (18,444) |
| Fund equity - beginning of year | | | 268,074 | |
| Fund equity - end of year | | | $ 250,772 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Park Dedication
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Park dedication | $ 69,000 | $ 69,000 | $ 130,961 | $ 61,961 |
| Interest | - | - | 1,842 | 1,842 |
| Total revenues | 69,000 | 69,000 | 132,803 | 63,803 |
| Expenditures | | | | |
| Parks and recreation | 275,000 | 275,000 | 126,850 | 148,150 |
| Total expenditures | 275,000 | 275,000 | 126,850 | 148,150 |
| Excess (deficiency) of revenues over expenditures | (206,000) | (206,000) | 5,953 | 211,953 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 67,691 | 67,691 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | 67,691 | 67,691 |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (206,000) | $ (206,000) | 73,644 | $ 279,644 |
| Fund equity - beginning of year | | | 512,966 | |
| Fund equity - end of year | | | $ 586,610 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Tree Mitigation
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Fees | $ 150 | $ 150 | $ - | $ (150) |
| Interest | - | - | 348 | 348 |
| Total revenues | 150 | 150 | 348 | 198 |
| Expenditures | | | | |
| Planning | - | - | 12,250 | (12,250) |
| Total expenditures | - | - | 12,250 | (12,250) |
| Excess (deficiency) of revenues over expenditures | 150 | 150 | (11,902) | (12,052) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 150 | $ 150 | (11,902) | $ (12,052) |
| Fund equity - beginning of year | | | 89,036 | |
| Fund equity - end of year | | | $ 77,134 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Recycling
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Grant funds | $ - | $ - | $ 5,006 | $ 5,006 |
| Interest | - | - | 58 | 58 |
| Total revenues | - | - | 5,064 | 5,064 |
| Expenditures | | | | |
| Public works | 15,093 | 15,093 | 8,072 | 7,021 |
| Total expenditures | 15,093 | 15,093 | 8,072 | 7,021 |
| Excess (deficiency) of revenues over expenditures | (15,093) | (15,093) | (3,008) | 12,085 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (15,093) | $ (15,093) | (3,008) | $ 12,085 |
| Fund equity - beginning of year | | | 20,258 | |
| Fund equity - end of year | | | $ 17,250 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Supplemental Law Enforcement Services
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| SLES funds | $ 100,000 | $ 100,000 | $ 105,005 | $ 5,005 |
| Total revenues | 100,000 | 100,000 | 105,005 | 5,005 |
| Expenditures | | | | |
| Police patrol | 100,000 | 100,000 | 100,000 | - |
| Total expenditures | 100,000 | 100,000 | 100,000 | - |
| Excess (deficiency) of revenues over expenditures | - | - | 5,005 | 5,005 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | 5,005 | $ 5,005 |
| Fund equity - beginning of year | | | 172 | |
| Fund equity - end of year | | | $ 5,177 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
CCTA
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| CCTA revenue | $ 662,200 | $ 662,200 | $ 818,563 | $ 156,363 |
| Interest | - | - | 55 | 55 |
| Total revenues | 662,200 | 662,200 | 818,618 | 156,418 |
| Expenditures | | | | |
| Public works | 437,946 | 437,946 | 48,634 | 389,312 |
| Total expenditures | 437,946 | 437,946 | 48,634 | 389,312 |
| Excess (deficiency) of revenues over expenditures | 224,254 | 224,254 | 769,984 | 545,730 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 224,254 | $ 224,254 | 769,984 | $ 545,730 |
| Fund equity - beginning of year | | | (137,995) | |
| Fund equity - end of year | | | $ 631,989 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District L-42
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 5,865 | $ 5,865 | $ 5,888 | $ 23 |
| Interest | - | - | 13 | 13 |
| Total revenues | 5,865 | 5,865 | 5,901 | 36 |
| Expenditures | | | | |
| Parks and recreation | 5,865 | 5,865 | 5,636 | 229 |
| Total expenditures | 5,865 | 5,865 | 5,636 | 229 |
| Excess (deficiency) of revenues over expenditures | - | - | 265 | 265 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | 265 | $ 265 |
| Fund equity - beginning of year | | | 3,495 | |
| Fund equity - end of year | | | $ 3,760 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District M-9
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 9,488 | $ 9,488 | $ 9,028 | $ (460) |
| Interest | - | - | 5 | 5 |
| Total revenues | 9,488 | 9,488 | 9,033 | (455) |
| Expenditures | | | | |
| Parks and recreation | 9,488 | 9,488 | 9,376 | 112 |
| Total expenditures | 9,488 | 9,488 | 9,376 | 112 |
| Excess (deficiency) of revenues over expenditures | - | - | (343) | (343) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | (343) | $ (343) |
| Fund equity - beginning of year | | | 1,739 | |
| Fund equity - end of year | | | $ 1,396 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Assessment District M-11
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 35,000 | $ 35,000 | $ 40,036 | $ 5,036 |
| Total revenues | 35,000 | 35,000 | 40,036 | 5,036 |
| Expenditures | | | | |
| Parks and recreation | 85,847 | 85,847 | 85,572 | 275 |
| Total expenditures | 85,847 | 85,847 | 85,572 | 275 |
| Excess (deficiency) of revenues over expenditures | (50,847) | (50,847) | (45,536) | 5,311 |
| Other financing sources (uses) | | | | |
| Transfers in | 50,847 | 50,847 | 45,536 | (5,311) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 50,847 | 50,847 | 45,536 | (5,311) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | - | $ - |
| Fund equity - beginning of year | | | - | |
| Fund equity - end of year | | | $ - | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Wilder Community Facilities District
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 223,000 | $ 223,000 | $ 222,602 | $ (398) |
| Interest | 200 | 200 | 144 | (56) |
| Total revenues | 223,200 | 223,200 | 222,746 | (454) |
| Expenditures | | | | |
| Parks and recreation | 138,162 | 138,162 | 196,936 | (58,774) |
| Total expenditures | 138,162 | 138,162 | 196,936 | (58,774) |
| Excess (deficiency) of revenues over expenditures | 85,038 | 85,038 | 25,810 | (59,228) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (84,000) | (84,000) | (84,000) | - |
| Total other financing sources (uses) | (84,000) | (84,000) | (84,000) | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 1,038 | $ 1,038 | (58,190) | $ (59,228) |
| Fund equity - beginning of year | | | 129,372 | |
| Fund equity - end of year | | | $ 71,182 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Stormwater Utility
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Assessments | $ 320,792 | $ 320,792 | $ 318,222 | $ (2,570) |
| Interest | - | - | 352 | 352 |
| Total revenues | 320,792 | 320,792 | 318,574 | (2,218) |
| Expenditures | | | | |
| Public works | 350,524 | 350,524 | 320,096 | 30,428 |
| Total expenditures | 350,524 | 350,524 | 320,096 | 30,428 |
| Excess (deficiency) of revenues over expenditures | (29,732) | (29,732) | (1,522) | 28,210 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (29,732) | $ (29,732) | (1,522) | $ 28,210 |
| Fund equity - beginning of year | | | 170,372 | |
| Fund equity - end of year | | | $ 168,850 | |

The accompanying notes are an integral part of these financial statements.

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| Fund | Description |
|---|---|
| Oaksprings Assessment District | Accounts for activities related to the Oaksprings Assessment District improvements. |
| State Grants | Accounts for grant revenues made available by the State of California to support the planning and development of projects that promote sustainable communities. |

CITY OF ORINDA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2014

| | Oaksprings AD Improvement Fund | State Grants Fund | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 140,393 | $ - | $ 140,393 |
| Accounts receivable | - | 4,332 | 4,332 |
| Accrued interest receivable | 53 | - | 53 |
| Due from other agencies | - | - | - |
| Total assets | $ 140,446 | $ 4,332 | $ 144,778 |
| LIABILITIES AND FUND BALANCES | | | |
| Accounts payable and accrued liabilities | $ - | $ - | $ - |
| Due to other funds | - | 4,332 | 4,332 |
| Total liabilities | - | 4,332 | 4,332 |
| Fund balance: | | | |
| Restricted | 140,446 | - | 140,446 |
| Committed | - | - | - |
| Assigned | - | - | - |
| Unassigned | - | - | - |
| Total fund balance | 140,446 | - | 140,446 |
| Total liabilities and fund equity | $ 140,446 | $ 4,332 | $ 144,778 |

CITY OF ORINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2014

| | Oaksprings AD Improvement Fund | State Grants Fund | Total |
|---|---|---|---|
| Revenues | | | |
| Rent and interest | $ 582 | $ - | $ 582 |
| Other agencies | | | |
| State and Federal | - | 8,231 | 8,231 |
| Miscellaneous | - | - | - |
| Total revenue | 582 | 8,231 | 8,813 |
| Expenditures | | | |
| Capital outlay for | | | |
| Transportation infrastructure improvements | - | 8,231 | 8,231 |
| Total expenditures | - | 8,231 | 8,231 |
| Excess (deficiency) of revenues over expenditures | 582 | - | 582 |
| Other financing sources (uses) | | | |
| Transfers in | - | - | - |
| Transfers out | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | 582 | - | 582 |
| Fund equity - beginning of year | 139,864 | - | 139,864 |
| Fund equity - end of year | $ 140,446 | $ - | $ 140,446 |

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Oaksprings Assessment District Improvement Fund
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Rent and interest | $ - | $ - | $ 582 | $ 582 |
| Total revenues | - | - | 582 | 582 |
| Expenditures | | | | |
| Public works | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | 582 | 582 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | 582 | $ 582 |
| Fund equity - beginning of year | | | 139,864 | |
| Fund equity - end of year | | | $ 140,446 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
State Grants
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Ivy Drive rehab | $ 508,000 | $ 508,000 | $ 8,231 | $ (499,769) |
| Minor road seismic | 50,000 | 50,000 | - | (50,000) |
| Manzanita Drive bridge | 125,000 | 125,000 | - | (125,000) |
| Total revenues | 683,000 | 683,000 | 8,231 | (674,769) |
| Expenditures | | | | |
| Public works | 683,000 | 683,000 | 8,231 | 674,769 |
| Total expenditures | 683,000 | 683,000 | 8,231 | 674,769 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | - | $ - |
| Fund equity - beginning of year | | | - | |
| Fund equity - end of year | | | $ - | |

The accompanying notes are an integral part of these financial statements.

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# City of Orinda
## INTERNAL SERVICE FUNDS

| 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 Hall facility. |
| 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. |
| Slope Emergency Stabilization | Accounts for activities related to unpredictable slope failures due to erosion or other earth-moving events. |
| General Plan Update | Accounts for activities related to the City's comprehensive General Plan update every 10 years. |

CITY OF ORINDA
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

| | Information Systems | Buildings Maintenance | Vehicle Replacement | Risk Management | Slope Emergency Stabilization | General Plan | Total |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | $ 106,992 | $ 203,059 | $ 308,746 | $ 639,984 | $ 69,916 | $ 358,547 | $ 1,687,244 |
| Interest receivable | 41 | 80 | 117 | 249 | 27 | 141 | 655 |
| Prepaid expenses | - | 885 | - | - | - | - | 885 |
| Due from other funds | - | - | - | - | - | - | - |
| Total current assets | 107,033 | 204,024 | 308,863 | 640,233 | 69,943 | 358,688 | 1,688,784 |
| Capital assets | | | | | | | |
| Equipment and vehicles | 246,700 | - | 949,792 | - | - | - | 1,196,492 |
| Less: accumulated depreciation | (217,717) | - | (623,480) | - | - | - | (841,197) |
| Net capital assets | 28,983 | - | 326,312 | - | - | - | 355,295 |
| Total assets | $ 136,016 | $ 204,024 | $ 635,175 | $ 640,233 | $ 69,943 | $ 358,688 | $ 2,044,079 |
| LIABILITIES AND NET POSITION | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | $ - | $ 2,503 | $ - | $ 16,922 | $ - | $ - | $ 19,425 |
| | - | 2,503 | - | 16,922 | - | - | 19,425 |
| Net Position | | | | | | | |
| Net investment in capital assets | 28,983 | - | 326,312 | - | - | - | 355,295 |
| Restricted | - | - | - | 512,000 | 68,062 | 284,877 | 864,939 |
| Unrestricted | 107,033 | 201,521 | 308,863 | 111,311 | 1,881 | 73,811 | 804,420 |
| Total net position | 136,016 | 201,521 | 635,175 | 623,311 | 69,943 | 358,688 | 2,024,654 |
| Total liabilities and net position | $ 136,016 | $ 204,024 | $ 635,175 | $ 640,233 | $ 69,943 | $ 358,688 | $ 2,044,079 |

CITY OF ORINDA
Combining Statement of Revenues, Expenditures and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2014

| | Information Systems | Building Maintenance | Vehicle Replacement | Risk Management | Slope Emergency Stabilization | General Plan | Total |
|---|---|---|---|---|---|---|---|
| Operating revenues | | | | | | | |
| Charges to operating departments | $ 39,999 | $ 109,396 | $ 81,389 | $ - | $ - | $ 100,000 | $ 330,784 |
| Other | - | - | - | - | - | - | - |
| Total operating revenues | 39,999 | 109,396 | 81,389 | - | - | 100,000 | 330,784 |
| Operating expenses | | | | | | | |
| Depreciation expense | 14,969 | - | 67,356 | - | - | - | 82,325 |
| Administrative and general | 3,400 | 109,858 | 1,797 | 100,807 | - | 19,756 | 235,618 |
| Insurance expense | - | 792 | - | 15,729 | - | - | 16,521 |
| Other | 37,084 | 2,725 | 7,445 | - | - | 8,087 | 55,341 |
| Total operating expenses | 55,453 | 113,375 | 76,598 | 116,536 | - | 27,843 | 389,805 |
| Operating income | (15,454) | (3,979) | 4,791 | (116,536) | - | 72,157 | (59,021) |
| Non-operating revenues (expenses) | | | | | | | |
| Interest and rent | 390 | 794 | 1,309 | 2,921 | 1,881 | 1,654 | 8,949 |
| Disposal of fixed assets | - | - | 10,791 | - | - | - | 10,791 |
| Total non-operating revenue | 390 | 794 | 12,100 | 2,921 | 1,881 | 1,654 | 19,740 |
| Income before contributions and transfers | (15,064) | (3,185) | 16,891 | (113,615) | 1,881 | 73,811 | (39,281) |
| Transfers out | - | - | - | - | (500,000) | - | (500,000) |
| Transfers in | - | - | - | 12,000 | 500,000 | - | 512,000 |
| Change in net position | (15,064) | (3,185) | 16,891 | (101,615) | 1,881 | 73,811 | (27,281) |
| Net position - beginning | 151,080 | 204,706 | 618,284 | 724,926 | 68,062 | 284,877 | 2,051,935 |
| Net position - ending | $ 136,016 | $ 201,521 | $ 635,175 | $ 623,311 | $ 69,943 | $ 358,688 | $ 2,024,654 |

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Information Systems
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ - | $ - | $ 390 | $ 390 |
| Transfers from user funds | 40,000 | 40,000 | 39,999 | (1) |
| Total revenues | 40,000 | 40,000 | 40,389 | 389 |
| Expenditures | | | | |
| Administration | 60,000 | 60,000 | 55,453 | 4,547 |
| Total expenditures | 60,000 | 60,000 | 55,453 | 4,547 |
| Excess (deficiency) of revenues over expenditures | (20,000) | (20,000) | (15,064) | 4,936 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (20,000) | $ (20,000) | (15,064) | $ 4,936 |
| Fund equity - beginning of year | | | 151,080 | |
| Fund equity - end of year | | | $ 136,016 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Building Maintenance
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ - | $ - | $ 794 | $ 794 |
| Transfers from user funds | 109,397 | 109,397 | 109,396 | (1) |
| Total revenues | 109,397 | 109,397 | 110,190 | 793 |
| Expenditures | | | | |
| Parks and Recreation | 109,397 | 109,397 | 113,375 | (3,978) |
| Total expenditures | 109,397 | 109,397 | 113,375 | (3,978) |
| Excess (deficiency) of revenues over expenditures | - | - | (3,185) | (3,185) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ - | $ - | (3,185) | $ (3,185) |
| Fund equity - beginning of year | | | 204,706 | |
| Fund equity - end of year | | | $ 201,521 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Vehicle Replacement
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ - | $ - | $ 1,309 | $ 1,309 |
| Disposal of fixed assets | - | - | 10,791 | 10,791 |
| Transfers from user funds | 84,000 | 84,000 | 81,389 | (2,611) |
| Total revenues | 84,000 | 84,000 | 93,489 | 9,489 |
| Expenditures | | | | |
| Police services | - | - | 76,598 | (76,598) |
| Total expenditures | - | - | 76,598 | (76,598) |
| Excess (deficiency) of revenues over expenditures | 84,000 | 84,000 | 16,891 | (67,109) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 84,000 | $ 84,000 | 16,891 | $ (67,109) |
| Fund equity - beginning of year | | | 618,284 | |
| Fund equity - end of year | | | $ 635,175 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Risk Management
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ - | $ - | $ 2,921 | $ 2,921 |
| Transfers from user funds | - | - | - | - |
| Total revenues | - | - | 2,921 | 2,921 |
| Expenditures | | | | |
| Public works | 200,000 | 200,000 | 116,536 | 83,464 |
| Total expenditures | 200,000 | 200,000 | 116,536 | 83,464 |
| Excess (deficiency) of revenues over expenditures | (200,000) | (200,000) | (113,615) | 86,385 |
| Other financing sources (uses) | | | | |
| Transfers in | 12,000 | 12,000 | 12,000 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 12,000 | 12,000 | 12,000 | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (188,000) | $ (188,000) | (101,615) | $ 86,385 |
| Fund equity - beginning of year | | | 724,926 | |
| Fund equity - end of year | | | $ 623,311 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Slope Stabilization
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Interest | $ - | $ - | $ 1,881 | $ 1,881 |
| Total revenues | - | - | 1,881 | 1,881 |
| Expenditures | | | | |
| Public works | - | - | - | - |
| Total expenditures | - | - | - | - |
| Excess (deficiency) of revenues over expenditures | - | - | 1,881 | 1,881 |
| Other financing sources (uses) | | | | |
| Transfers in | 500,000 | 500,000 | 500,000 | - |
| Transfers out | - | - | (500,000) | (500,000) |
| Total other financing sources (uses) | 500,000 | 500,000 | - | (500,000) |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ 500,000 | $ 500,000 | 1,881 | $ (498,119) |
| Fund equity - beginning of year | | | 68,062 | |
| Fund equity - end of year | | | $ 69,943 | |

The accompanying notes are an integral part of these financial statements.

CITY OF ORINDA
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
General Plan
For the Year Ended June 30, 2014

| | Original Budget | Amended Budget | Actual | Variance |
|---|---|---|---|---|
| Revenues | | | | |
| Charges to user funds | $ 100,000 | $ 100,000 | $ 100,000 | $ - |
| Interest | 300 | 300 | 1,654 | 1,354 |
| Total revenues | 100,300 | 100,300 | 101,654 | 1,354 |
| Expenditures | | | | |
| Planning | 160,000 | 160,000 | 27,843 | 132,157 |
| Total expenditures | 160,000 | 160,000 | 27,843 | 132,157 |
| Excess (deficiency) of revenues over expenditures | (59,700) | (59,700) | 73,811 | 133,511 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | $ (59,700) | $ (59,700) | 73,811 | $ 133,511 |
| Fund equity - beginning of year | | | 284,877 | |
| Fund equity - end of year | | | $ 358,688 | |

The accompanying notes are an integral part of these financial statements.

# City of Orinda
## AGENCY FUNDS

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

Oaksprings Debt Service

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 224,075 | $ 202,507 | $ - | $ 426,582 |
| Accounts receivable | 129,475 | - | (129,475) | - |
| Interest receivable | 273 | - | (123) | 150 |
| Total assets | $ 353,823 | $ 202,507 | $ (129,598) | $ 426,732 |
| **LIABILITIES** | | | | |
| Due to bond holders | $ 353,823 | $ 399,689 | $ (326,780) | $ 426,732 |
| Total liabilities | $ 353,823 | $ 399,689 | $ (326,780) | $ 426,732 |

Oaksprings Reserve

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 330,774 | $ 1,671 | $ - | $ 332,445 |
| Interest receivable | 419 | - | (292) | 127 |
| Total assets | $ 331,193 | $ 1,671 | $ (292) | $ 332,572 |
| **LIABILITIES** | | | | |
| Due to bond holders | $ 331,193 | $ 1,379 | $ - | $ 332,572 |
| Total liabilities | $ 331,193 | $ 1,379 | $ - | $ 332,572 |

CITY OF ORINDA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2014

Planning and Engineering Deposits

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,249,813 | $ 168,042 | $ - | $ 2,417,855 |
| Accounts receivable | 96,915 | 149,986 | - | 246,901 |
| Total assets | $ 2,346,728 | $ 318,028 | $ - | $ 2,664,756 |
| **LIABILITIES** | | | | |
| Accounts payable and accrued expenses | $ 12,442 | $ 83,382 | $ - | $ 95,824 |
| Deposits | 2,334,286 | 234,646 | - | 2,568,932 |
| Total liabilities | $ 2,346,728 | $ 318,028 | $ - | $ 2,664,756 |

Total

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 2,804,662 | $ 372,220 | $ - | $ 3,176,882 |
| Accounts receivable | 226,390 | 149,986 | (129,475) | 246,901 |
| Interest receivable | 692 | - | (415) | 277 |
| Total assets | $ 3,031,744 | $ 522,206 | $ (129,890) | $ 3,424,060 |
| **LIABILITIES** | | | | |
| Due to bond holders | $ 685,016 | $ 401,068 | $ (326,780) | $ 759,304 |
| Accounts payable and accrued expenses | 12,442 | 83,382 | - | 95,824 |
| Deposits | 2,334,286 | 234,646 | - | 2,568,932 |
| Total liabilities | $ 3,031,744 | $ 719,096 | $ (326,780) | $ 3,424,060 |

# *STATISTICAL SECTION*

STATISTICAL SECTION

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)**


**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. 119 – 124

**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. 126 – 130

**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. 131 – 133

**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. 134 – 135

**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. 136 – 138


**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
Two Fiscal Years*
Fiscal year ended June 30, 2014
(Accrual basis of accounting)

| | 2013 | 2014 |
|---|---|---|
| **Governmental activities** | | |
| Net investment in capital assets | $ 39,082,158 | $ 40,022,920 |
| Restricted | 5,005,803 | 6,693,791 |
| Unrestricted | 8,119,847 | 8,394,982 |
| **Total governmental activities net position** | $ 52,207,808 | $ 55,111,693 |
| | | |
| **Business-type activities** | | |
| Net investment in capital assets | | |
| Restricted | | |
| Unrestricted | | |
| **Total business-type activities net position** | The City of Orinda has no business-type funds | |
| | | |
| **Primary government** | | |
| Net investment in capital assets | $ 39,082,158 | $ 40,022,920 |
| Restricted | 5,005,803 | 6,693,791 |
| Unrestricted | 8,119,847 | 8,394,982 |
| **Total primary government net position** | $ 52,207,808 | $ 55,111,693 |

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

City of Orinda
Changes in Net Position
Two Fiscal Years*
Fiscal year ended June 30, 2014
(Accrual basis of accounting)

| | 2013 | 2014 |
|---|---|---|
| **Expenses** | | |
| Governmental Activities | | |
| General Government | $ 1,848,816 | $ 2,125,066 |
| Police Services | 3,894,363 | 3,777,584 |
| Public works and engineering | 1,327,714 | 1,367,960 |
| Parks and recreation | 2,278,091 | 2,140,303 |
| Planning | 681,671 | 746,236 |
| Special districts | 133,309 | 278,506 |
| Library operations | 342,208 | 324,230 |
| Capital improvements | 2,467,232 | 2,629,533 |
| Interest on bonds payable | 397,959 | 379,260 |
| Other | - | - |
| Total governmental activities expenses | 13,371,363 | 13,768,678 |
| Business-type activities | - | - |
| Total business-type activities | - | - |
| Total primary government expenses | 13,371,363 | 13,768,678 |
| **Program Revenues** | | |
| Governmental activities: | | |
| Charges for services: | | |
| General government | - | - |
| Administrative Services | 42,302 | 42,302 |
| Police Services | 194,153 | 136,247 |
| Public works and engineering | 655,472 | 449,026 |
| Parks and recreation | 1,756,948 | 1,782,394 |
| Planning | 842,645 | 980,002 |
| Special districts | 213,269 | 277,554 |
| Library operations | 300,861 | 306,735 |
| Capital improvements | 1,120,351 | 1,283,644 |
| Operating grants and contributions | 268,194 | 936,273 |
| Capital grants and contributions | 1,630,723 | 1,615,848 |
| Total governmental activities program revenues | 7,024,918 | 7,810,025 |
| Business-type activities: | | |
| Charges for services: | - | - |
| Total business-type activities program revenues | - | - |
| Total primary governmental program revenues | 7,024,918 | 7,810,025 |

City of Orinda
Changes in Net Position
Two Fiscal Years*
Fiscal year ended June 30, 2014
(Accrual basis of accounting)

| | 2013 | 2014 |
|---|---|---|
| Continued from previous page | | |
| **Net (Expense)/Revenue** | | |
| Governmental activities | (6,346,445) | (5,958,653) |
| Business-type activities | - | - |
| Total primary government net expense | (6,346,445) | (5,958,653) |
| General Revenues and Other Changes in Net Position: | | |
| Governmental activities: | | |
| Taxes: | | |
| Property taxes | 4,869,694 | 5,227,355 |
| Sales taxes | 1,021,274 | 2,071,438 |
| Franchise taxes | 986,349 | 1,009,114 |
| Transfer taxes | 200,663 | 235,119 |
| Shared intergovernmental revenues | 9,158 | 7,605 |
| Interest income | 160,612 | 117,578 |
| Unrealized gain (loss) on sale of assets | (10,766) | (10,345) |
| Miscellaneous | 214,751 | 411,858 |
| Total governmental activities | 7,451,735 | 9,069,722 |
| Business-type activities: | | |
| Charges for services: | - | - |
| Total business-type activities | - | - |
| Total primary government | 7,451,735 | 9,069,722 |
| **Changes in Net Position** | | |
| Governmental activities | 1,105,290 | 3,111,069 |
| Business-type activities | - | - |
| Total primary government | $ 1,105,290 | $ 3,111,069 |

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

City of Orinda
Fund Balances, Governmental Funds
Two Fiscal Years*
Fiscal year ended June 30, 2014
(Modified accrual basis of accounting)

| | 2013 | 2014 |
|---|---|---|
| **General Fund:** | | |
| Restricted | $ 201,145 | $ 119,037 |
| Committed | - | - |
| Assigned | - | - |
| Unassigned | 7,309,966 | 7,590,562 |
| Total general fund | 7,511,111 | 7,709,599 |
| **All Other Governmental Funds:** | | |
| Restricted | 3,939,719 | 5,554,221 |
| Committed | - | 155,594 |
| Assigned | - | - |
| Unassigned | - | - |
| **Total all other governmental funds** | 3,939,719 | 5,709,815 |
| **Total all governmental funds** | $ 11,450,830 | $ 13,419,414 |

*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
Two Fiscal Years*
Fiscal year ended June 30, 2014
(Modified accrual basis of accounting)

| | 2013 | 2014 |
|---|---|---|
| **Revenues:** | | |
| Taxes and assessments | $ 7,556,931 | $ 9,092,586 |
| Licenses, permits and fees | 982,885 | 1,043,059 |
| Fines and forfeitures | 169,975 | 111,785 |
| Intergovernmental | 2,398,705 | 3,153,262 |
| Use of money and property | 189,497 | 150,931 |
| Charges for services | 2,965,192 | 2,917,662 |
| Other revenues | 187,196 | 390,722 |
| **Total revenues** | 14,450,381 | 16,860,007 |
| Expenditures: | | |
| General Government | 1,838,147 | 1,907,113 |
| Administrative Services | - | - |
| Police Services | 3,892,706 | 3,783,388 |
| Public works and engineering | 1,361,059 | 1,402,895 |
| Parks and recreation | 2,120,747 | 2,156,909 |
| Planning | 681,600 | 795,674 |
| Special districts | 133,309 | 378,606 |
| Library operations | 342,208 | 324,230 |
| Capital improvements | 5,335,159 | 3,511,348 |
| Debt Service: | | - |
| Interest on bonds payable | 388,660 | 379,260 |
| Principal payment on bonds | 235,000 | 240,000 |
| **Total expenditures** | 16,328,595 | 14,879,423 |
| **Reconciliation of Governmental Revenues** | | |
| Less Expenditures to Fund Equity: | (1,878,214) | 1,980,584 |
| Revenues over (under) expenditures | | |
| Other financing sources (uses): | | |
| Transfers in | 1,966,275 | 1,667,208 |
| Transfers out | (1,966,275) | (1,679,208) |
| Total other financing sources (uses) | - | (12,000) |
| Net change in fund balances | $ (1,878,214) | $ 1,968,584 |
| Debt service as a percentage of noncapital expenditures | 6.01% | 5.76% |

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

City of Orinda
Assessed Value and Actual Value of Taxable Property
For the last ten fiscal years
Fiscal year ended June 30, 2014

| | Secured | Unsecured | Less: Exemptions | Taxable Assessed Value |
|---|---|---|---|---|
| FY 2004-05 | 3,454,062,993 | 47,903,238 | 56,769,404 | 3,445,196,827 |
| FY 2005-06 | 3,761,280,589 | 32,029,438 | 58,255,298 | 3,735,054,729 |
| FY 2006-07 | 4,072,187,872 | 32,691,215 | 62,313,761 | 4,042,565,326 |
| FY 2007-08 | 4,345,080,504 | 37,376,456 | 63,232,676 | 4,319,224,284 |
| FY 2008-09 | 4,552,914,811 | 40,004,855 | 63,423,035 | 4,529,496,631 |
| FY 2009-10 | 4,800,028,431 | 40,507,516 | 63,720,828 | 4,776,815,119 |
| FY 2010-11 | 4,790,245,512 | 44,493,532 | 74,744,008 | 4,759,995,036 |
| FY 2011-12 | 4,643,266,577 | 44,003,251 | 74,055,238 | 4,613,214,590 |
| FY 2012-13 | 4,685,090,422 | 51,140,896 | 73,427,772 | 4,662,803,546 |
| FY 2013-14 | 4,973,624,380 | 43,870,136 | 75,486,075 | 4,942,008,441 |

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 2004/05 - 2013/14 Combined Tax Rolls

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City of Orinda
Direct and Overlapping Tax Rates
For the last ten fiscal years
Fiscal year ended June 30, 2014
(Rate per $1,000 of assessed value)

| | Direct Rates | | Overlapping Rates | | |
|---|---|---|---|---|---|
| | Basic Rate | Total Direct | Acalanes Union | Bart Bond | CCC Community College |
| FY 2004-05 | 1.00000 | 1.00000 | 0.02900 | - | 0.00420 |
| FY 2005-06 | 1.00000 | 1.00000 | 0.02790 | 0.00480 | 0.00470 |
| FY 2006-07 | 1.00000 | 1.00000 | 0.02920 | 0.00500 | 0.00430 |
| FY 2007-08 | 1.00000 | 1.00000 | 0.02590 | 0.00760 | 0.01080 |
| FY 2008-09 | 1.00000 | 1.00000 | 0.02890 | 0.00900 | 0.00660 |
| FY 2009-10 | 1.00000 | 1.00000 | 0.02980 | 0.00570 | 0.01260 |
| FY 2010-11 | 1.00000 | 1.00000 | 0.03110 | 0.00310 | 0.01330 |
| FY 2011-12 | 1.00000 | 1.00000 | 0.03330 | 0.00410 | 0.01440 |
| FY 2012-13 | 1.00000 | 1.00000 | 0.03330 | 0.00430 | 0.00870 |
| FY 2013-14 | 1.00000 | 1.00000 | 0.03610 | 0.00750 | 0.01330 |

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 Acalanes Union, Bart Bond, Contra Costa Community College, East Bay Regional Park Bond, Lafayette Elementary Bond, Moraga Elementary Bond, and Orinda Elementary Bond.

**Source**: Contra Costa County Assessor 2004/05 - 2013/14 Combined Tax Rolls

| Overlapping Rates | | | | |
|---|---|---|---|---|
| East Bay Regional Park Bond | Lafayette Elementary Bond | Moraga Elementary Bond | Orinda Elementary Bond | Total Tax Rate |
| 0.00570 | 0.04150 | 0.03440 | 0.02470 | 1.13950 |
| 0.00570 | 0.03930 | 0.03250 | 0.02360 | 1.13850 |
| 0.00850 | 0.03770 | 0.03280 | 0.02590 | 1.14340 |
| 0.00800 | 0.03400 | 0.03130 | 0.02370 | 1.14130 |
| 0.01000 | 0.03300 | 0.03090 | 0.02470 | 1.14310 |
| 0.01080 | 0.03260 | 0.03020 | 0.02360 | 1.14530 |
| 0.00840 | 0.03260 | 0.03110 | 0.02440 | 1.14400 |
| 0.00710 | 0.02790 | 0.03120 | 0.02740 | 1.14540 |
| 0.00510 | 0.02840 | 0.02790 | 0.02730 | 1.13500 |
| 0.00780 | 0.02670 | 0.02640 | 0.02550 | 1.14330 |

**Source**: Contra Costa County Assessor 2004/05 - 2013/14 Combined Tax Rolls

City of Orinda
Principal Property Tax Payers
Current Year and Nine Years Ago
Fiscal year ended June 30, 2014

| | 2013-14 | | | 2004-05 | | |
|---|---|---|---|---|---|---|
| Assessed Valuation Level | Number of Payers | Rank | % of Total | Number of Payers | Rank | % of Total |
| $50,000,000 and above | 1 | 1 | 2.90% | 0 | n/a | n/a |
| $25,000,000 - 49,999,999 | 2 | 2-3 | 1.04% | 0 | n/a | n/a |
| $10,000,000 - 24,999,999 | 2 | 4-5 | 0.60% | 0 | n/a | n/a |
| $5,000,000 - 9,999,999 | 5 | 6-10 | 0.70% | 4 | 1-4 | 0.87% |
| $1 - 4,999,999 | 0 | n/a | n/a | 6 | 5-10 | 0.73% |
| Total | | | 5.24% | | | 1.60% |

Note: Due to confidentiality issues, the names of the individual payers are not provided. The categories presented are intended to provide alternative information regarding the sources of the City's property taxes.

**Source**: Contra Costa County Assessor 2013/14 and 2004/05 Combined Tax Rolls

City of Orinda
Schedule of Top 25 Principal Sales Tax Remitters
Current year and Three Years Ago
Fiscal year ended June 30, 2014
(listed in alphabetical order)

| 2014 (represents 79.60% of total sales tax) | 2011 (represents 79.47% of total sales tax) |
|---|---|
| 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 | Insight Resource Group |
| Europa Hofbrau, Deli & Pub | Juvenon |
| Insight Resource Group | La Piazza Restaurant |
| La Piazza Restaurant | McCaulou's Department Store |
| McCaulou's Department Store | McDonnell Moraga Nursery |
| McDonnell Moraga Nursery | Nations Giant Hamburgers |
| Morrison's Mfg Retail Jewelers | Orinda Country Club |
| Nations Giant Hamburgers | Orinda Hardware |
| Orinda Country Club | Orinda Motors |
| Orinda Hardware | P & M Window Company |
| Orinda Motors | Rite Aid Drug Store |
| P & M Window Company | Safeway Stores |
| Rite Aid Drug Store | Shell Service Station |
| Safeway Stores | Siam Orchid Thai Restaurant |
| Shell Service Stations | Sweet Dreams Toy Store |
| Siam Orchid Thai Restaurant | Table 24 |
| Smart Security Solutions | Trattoria Lupetti |
| Table 24 Restaurant | Union 76 Service Station -1 |
| Union 76 Service Station | Union 76 Service Station -2 |
| Village Inn Café | Village Inn Café |

Note: The lists above includes both public and private entities and therefore the dollar values have been omitted because the information is not public information.

**Source**: Muni Services, State Board of Equalization

City of Orinda
Property Tax Levies and Collections
For the last ten fiscal years
Fiscal year ended June 30, 2014

| 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 |
| 2005 | 3,515,912 | 3,515,912 | 100% | - | 3,515,912 | 100% |
| 2006 | 3,966,356 | 3,966,356 | 100% | - | 3,966,356 | 100% |
| 2007 | 4,527,424 | 4,527,424 | 100% | - | 4,527,424 | 100% |
| 2008 | 3,520,493 | 3,520,493 | 100% | - | 3,520,493 | 100% |
| 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% |

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

City of Orinda
Direct and Overlapping Debt
Current Year
Fiscal year ended June 30, 2014

| | | | |
|---|---|---|---|
| City Assessed Valuation | | $ 4,942,008,441 | |
| Incremental Valuation | | - | |
| Adjusted Assessed Valuation | | $ 4,942,008,441 | |
| | Percentage Applicable | Outstanding Debt 6/30/2014 | Estimated Share of Overlapping Debt |
| **Direct Assessment Debt** | | | |
| 2005 Certificates of Participation | 100% | $ 8,280,000 | $ 8,280,000 |
| **Overlapping Tax and Assessment Debt:*** | | | |
| Contra Costa County Pension Debt | 3.382% | 258,500,000 | 8,742,470 |
| CCC PFA 1998A Lease Revenue Bonds | 3.382% | 14,715,000 | 497,661 |
| CCC PFA 1999A Lease Revenue Bonds | 3.382% | 12,745,000 | 431,036 |
| CCC PFA 2001A Lease Revenue Bonds | 3.382% | 705,000 | 23,843 |
| CCC PFA 2002A Lease Revenue Bonds | 3.382% | 7,925,000 | 268,024 |
| CCC PFA 2002B Lease Revenue Bonds | 3.382% | 6,520,000 | 220,506 |
| CCC PFA 2003A Lease Revenue Bonds | 3.382% | 7,375,000 | 249,423 |
| CCC PFA 2007A Lease Revenue Bonds | 3.382% | 110,185,000 | 3,726,457 |
| CCC PFA 2007B Lease Revenue Bonds | 3.382% | 44,640,000 | 1,509,725 |
| CCC PFA 2009A Lease Revenue Bonds | 3.382% | 18,453,349 | 624,092 |
| CCC PFA 2010A-1 Lease Revenue Bonds | 3.382% | 5,915,000 | 200,045 |
| CCC PFA 2010A-2 Lease Revenue Bonds | 3.382% | 13,130,000 | 444,057 |
| CCC PFA 2010A-3 Lease Revenue Bonds | 3.382% | 20,700,000 | 700,074 |
| CCC PFA 2010B Lease Revenue Bonds | 3.382% | 14,475,000 | 489,545 |
| CCC PFA 2012 Lease Revenue Bonds | 3.382% | 12,318,701 | 416,618 |
| Moraga-Orinda Fire District Pension Obligation Bonds | 60.347% | 22,050,000 | 13,306,514 |
| Bart Bond | 3.382% | 218,127,299 | 7,377,065 |
| East Bay Regional Park Bond | 3.382% | 88,692,412 | 2,999,577 |
| Acalanes Union 1997 Bond | 19.577% | 64,302,742 | 12,588,548 |
| Acalanes Union 1988 Bond | 19.577% | 4,075,000 | 797,763 |
| Acalanes Union 2002 & 2008 Bonds | 19.577% | 205,588,923 | 40,248,143 |
| Lafayette Elementary Bond 1995 | 0.181% | 30,095,000 | 54,472 |
| Moraga Elementary Bond 1995 | 0.023% | 13,200,000 | 3,036 |
| Orinda Elementary Bond | 99.234% | 8,860,426 | 8,792,555 |
| Contra Costa Community College 2002 Bond | 3.395% | 191,135,000 | 6,489,033 |
| Contra Costa Community College 2006 Bond | 3.395% | 303,900,000 | 10,317,405 |
| **Total Overlapping Debt** | | 1,698,328,852 | 121,517,687 |
| **Total Direct and Overlapping Debt** | | $ 1,706,608,852 | $ 129,797,687 |

* Overlapping Tax and Assessment Debt are the financial obligations of other political jurisdictions that falls partly on the City of Orinda taxpayers.

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

City of Orinda
Legal Debt Margin Information
For the last ten fiscal years
Fiscal year ended June 30, 2014

| | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| Assessed Value Secured | $ 3,454,062,993 | $ 3,761,280,589 | $ 4,072,187,872 | $ 4,321,548,584 |
| Conversion Percentage | 25% | 25% | 25% | 25% |
| Adjusted Assessed Value | 863,515,748 | 940,320,147 | 1,018,046,968 | 1,080,387,146 |
| Debt Limit Percentage | 15% | 15% | 15% | 15% |
| Debt Limit | 129,527,362 | 141,048,022 | 152,707,045 | 162,058,072 |
| Total net debt applicable to limit | - | - | - | - |
| Legal debt margin | $ 129,527,362 | $ 141,048,022 | $ 152,707,045 | $ 162,058,072 |
| 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 Finance Department

| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| $ 4,528,868,045 | $ 4,775,376,797 | $ 4,762,300,926 | $ 4,615,128,899 | $ 4,656,504,710 | $ 4,942,008,441 |
| 25% | 25% | 25% | 25% | 25% | 25% |
| 1,132,217,011 | 1,193,844,199 | 1,190,575,232 | 1,153,782,225 | 1,164,126,178 | 1,235,502,110 |
| 15% | 15% | 15% | 15% | 15% | 15% |
| 169,832,552 | 179,076,630 | 178,586,285 | 173,067,334 | 174,618,927 | 185,325,317 |
| - | - | - | - | - | - |
| $ 169,832,552 | $ 179,076,630 | $ 178,586,285 | $ 173,067,334 | $ 174,618,927 | $ 185,325,317 |
| 0% | 0% | 0% | 0% | 0% | 0% |

City of Orinda
Demographic and Economic Statistics
For the last ten fiscal years
Fiscal year ended June 30, 2014

| Year | Population | 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 |
|---|---|---|---|---|---|---|---|
| 2004 | 17,760 | 1,230,344 | 69,276 | 1.9% | | | |
| 2005 | 17,673 | 1,253,751 | 70,942 | 1.8% | | | |
| 2006 | 17,472 | 1,282,730 | 73,416 | 1.6% | | | |
| 2007 | 17,427 | 1,308,088 | 75,061 | 1.7% | | | |
| 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% |

**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 Four Years
Fiscal year ended June 30, 2014

| Function | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|
| Police* | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire** | | | | | |
| Stations | 3 | 3 | 3 | 3 | 3 |
| Public works | | | | | |
| Streets (miles) | 92.50 | 92.50 | 92.70 | 92.70 | 92.70 |
| Streetlights*** | | | | | |
| Parks and recreation | | | | | |
| Parks | 4 | 4 | 4 | 5 | 5 |
| Community centers | 1 | 1 | 1 | 1 | 1 |
| Ball fields | 5 | 5 | 5 | 7 | 7 |
| 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.

*** 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 Five Years
Fiscal year ended June 30, 2014

| Function | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Police* | | | | | |
| Arrests | 152 | 159 | 98 | 113 | 204 |
| Parking citations issued | 1,655 | 1,715 | 2,230 | 1,578 | 405 |
| | | | | | |
| Public works | | | | | |
| Street resurfacing (miles) | 2.59 | 1.80 | 1.90 | 1.50 | - |
| Encroachment permits | 389 | 269 | 270 | 285 | 322 |
| | | | | | |
| Parks and recreation | | | | | |
| Recreation classes (enrollment) | 6,685 | 7,347 | 7,752 | 7,712 | 8,853 |
| Facility rental hours | 1,769 | 2,020 | 2,296 | 2,788 | 2,414 |
| Sports field rental hours | 43 | 3,470 | 3,701 | 3,120 | 6,852 |
| | | | | | |
| Building Valuations | | | | | |
| Commercial/Industrial Construction | 1,261,402 | 2,469,428 | 6,927,012 | 3,893,591 | 2,186,520 |
| Residential Construction | 20,174,766 | 23,355,921 | 20,663,274 | 46,624,040 | 49,855,541 |
| Total building actions | 21,436,168 | 25,825,349 | 27,590,286 | 50,517,631 | 52,042,061 |
| | | | | | |
| 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 Years
Fiscal year ended June 30, 2014

| Function | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| General government | 8.10 | 8.10 | 8.10 | 8.10 | 8.10 |
| Public Safety Non-Sworn | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Public Safety Sworn* | - | - | - | - | - |
| Public works | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Planning | 3.50 | 3.50 | 3.50 | 4.50 | 5.50 |
| Parks and recreation | 11.00 | 11.00 | 11.00 | 11.00 | 11.00 |
| Total | 35.60 | 35.60 | 35.60 | 36.60 | 37.60 |

Note: Police services are provided by Contra Costa County

**Source**: City of Orinda Finance Department

City of Orinda
Principal Employers*
Current Year and Three Years Ago

| | 2013-2014 | | | 2010-2011 | | |
|---|---|---|---|---|---|---|
| Employer | Employees | Rank | Percentage of Top 10 Employment | Employees | Rank | Percentage of Top 10 Employment |
| Kaiser Permanente | 30,803 | 1 | | | | |
| City & County of San Francisco | 26,901 | 2 | 17.43% | 26,554 | 1 | 28.16% |
| University of California, San Francisco | 22,664 | 3 | 14.68% | 24,750 | 2 | 26.25% |
| University of California, Berkeley | 21,390 | 4 | 13.86% | | | |
| Safeway | 18,454 | 5 | 11.95% | | | |
| State of California | 15,982 | 6 | 10.35% | | | |
| Wells Fargo Bank | 15,111 | 7 | 9.79% | 9,214 | 3 | 9.77% |
| Stanford University | 12,973 | 8 | 8.40% | 6,800 | 4 | 7.21% |
| U.S. Postal Service | 11,092 | 9 | 7.19% | 5,529 | 6 | 5.86% |
| Contra Costa County | 9,800 | 10 | 6.35% | 5,555 | 5 | 5.89% |
| US Postal Service | | | | 4,697 | 7 | 4.98% |
| PG&E Corp | | | | 4,394 | 8 | 4.66% |
| Gap Inc. | | | | 3,804 | 9 | 4.03% |
| Charles Schwab & Co Inc. | | | | 3,000 | 10 | 3.18% |
| Total | 154,367 | | 100.00% | 94,297 | | 100.00% |

* Information presented is for the San Francisco Bay Area Largest Employers since separate data is not available for the City of Orinda.

Source: San Francisco Center for Economic Development

## APPENDIX D

## FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the City of Orinda, California (the "City"), and U.S. Bank National Association, as paying agent (the "Paying Agent") and as dissemination agent (the "Dissemination Agent") in connection with the issuance of $10,000,000 aggregate principal amount of City of Orinda General Obligation Bonds, Election of 2014, Series A (the "Bonds"). The Bonds are being issued as authorized by a resolution adopted by the City Council of the City on February 17, 2015, and in accordance with the terms of a Paying Agent Agreement, dated as of March 1, 2015 (the "Paying Agent Agreement"), by and between the District and U.S. Bank National Association, as paying agent (the "Paying Agent"). The City, the Paying Agent and the Dissemination Agent covenant and agree as follows:

**SECTION 1.** Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City, the Paying Agent and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2.** Definitions. In addition to the definitions set forth in the Paying Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Beneficial Owner" shall mean any person who has or shares the power, directly or indirectly, to make investment decisions concerning the ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Disclosure Representative" shall mean the Finance Director of the City or his or her designee, or such other officer or employee as the City shall designate in writing to the Paying Agent from time to time.

"Dissemination Agent" shall mean the Paying Agent, acting in its capacity as Dissemination Agent, or any successor Dissemination Agent which may be designated in writing by the City and which has filed with the Paying Agent a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB currently located at http://emma.msrb.org.

"Participating Underwriter" shall mean Stifel Nicolaus & Company, Incorporated or the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3.** Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than April 1 of each year, which is nine months after the end of the City's Fiscal Year (presently June 30), commencing with the Annual Report for the fiscal year of the City ending June 30, 2015 (which is due no later than April 1, 2016), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Each Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may include by reference other information as provided in Section 4 of this Disclosure

Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, the corresponding date to provide the Annual Report shall also change and the City shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent and the Paying Agent (if the Paying Agent is not the Dissemination Agent); provided, however, that the City may distribute the Annual Report itself after providing written notice to the Paying Agent and the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the Annual Report. The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent and the Paying Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent and the Paying Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice in electronic format, to the MSRB, such notice to be in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the MSRB; and

(ii) to the extent the City has provided the Annual Report to the Dissemination Agent, file a report with the City and (if the Dissemination Agent is not the Paying Agent) the Paying Agent certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB.

**SECTION 4.** Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) The City's Comprehensive Annual Financial Report, including the audited financial statements for the prior Fiscal Year, which audited financial statements shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not presented in the Comprehensive Annual Financial Report, tabular or numerical information for the fiscal year covered by the report of the types contained in the Official Statement relating to the Bonds under the following captions and in the following tables, as the case may be:

1. City of Orinda Assessed Valuations

2. City of Orinda Largest Local Secured Taxpayers

Any or all of the items listed above may be included by specific reference to other documents, including the City's Comprehensive Annual Financial Report, official statements of debt issues of the City or related public entities, which have been filed with the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

**SECTION 5.** Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes; or

9. Bankruptcy, insolvency, receivership or similar event of the obligated person.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Optional, unscheduled or contingent Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

7. Appointment of a successor or additional Paying Agent or the change of name of a Paying Agent.

(c) The Paying Agent shall, promptly upon obtaining actual knowledge of the occurrence of any of the Listed Events (with no obligation to determine the materiality thereof), contact the Disclosure Representative, inform such person of the event, and request that the City promptly notify the Paying Agent in writing whether or not to report the event pursuant to subsection (e); provided that, failure by the Paying Agent to so notify the Disclosure Representative and make such request shall not relieve the City of its duty to report Listed Events as required by this Section 5. For the purpose of this Disclosure Agreement "actual knowledge" means actual knowledge at the corporate trust office of the Paying Agent by an officer of the Paying Agent with responsibility for matters related to the administration of the Paying Agent Agreement. Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), whether because of a notice from the Paying Agent pursuant to subsection (c) of this section or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(e) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of the occurrence of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall instruct the Paying Agent to file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB within ten business days of occurrence. If the Paying Agent has been instructed by the City to report the occurrence of a Listed Event, the Paying Agent shall file a notice of such occurrence with the MSRB in electronic format, accompanied by such identifying information as is prescribed by the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(7) and (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Paying Agent Agreement.

(f) The Paying Agent may conclusively rely on an opinion of counsel that the City's instructions to the Paying Agent under this Section 5 comply with the requirements of the Rule.

**SECTION 6.** Termination of Reporting Obligation. Each party's obligations under this Disclosure Agreement shall terminate (a) upon the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) if, in the opinion of nationally recognized bond counsel, the City ceases to be an "obligated person" (within the meaning of the Rule) with respect to the Bonds or the Bonds otherwise cease to be subject to the requirements of the Rule. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(e).

**SECTION 7.** Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing thirty days written notice to the City. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Paying Agent shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association.

**SECTION 8.** Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City, the Paying Agent and the Dissemination Agent may amend this Disclosure Agreement, (and the Paying Agent and the Dissemination Agent shall agree to any amendment so requested by the City provided such amendment does not impose any greater duties, nor risk of liability, on the Paying Agent or the Dissemination Agent, as the case may be), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Paying Agent Agreement for amendments to the Paying Agent Agreement with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(e), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9.** Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10.** Default. In the event of a failure of the City, the Paying Agent or the Dissemination Agent to comply with any provision of this Disclosure Agreement, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City, the Paying Agent or the Dissemination Agent to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Paying Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City, the Paying Agent or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11.** Duties, Immunities and Liabilities of Paying Agent and Dissemination Agent. Article VI of the Paying Agent Agreement is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Paying Agent Agreement. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Paying Agent thereunder. The Dissemination Agent and the Paying Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City, to the extent permitted by law, agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's or the Paying Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. Any company succeeding to all or substantially all of the Dissemination

Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

**SECTION 12.** Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

| | |
|---|---|
| To the City: | City of Orinda<br>22 Orinda Way<br>Orinda, CA 94563 |
| To the Paying Agent: | U.S. Bank National Association<br>One California Street, Suite 1000<br>San Francisco, CA 94111<br>Attention: Corporate Trust |
| To the Dissemination Agent: | U.S. Bank National Association<br>One California Street, Suite 1000<br>San Francisco, CA 94111<br>Attention: Corporate Trust |

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

**SECTION 13.** Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: March 26, 2015.

CITY OF ORINDA

By _____
City Manager

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent and Dissemination Agent

By _____
Authorized Officer

**EXHIBIT A**

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Obligated Person: | City of Orinda, California |
| Name of Issue: | City of Orinda General Obligation Bonds, Election of 2014, Series A |
| Date of Issue: | March 26, 2015 |

NOTICE IS HEREBY GIVEN that the City of Orinda, California, has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Agreement, dated the Date of Issuance between the City and the Dissemination Agent. The City anticipates that the Annual Report will be filed by _____.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION

By _____[to be signed only if filed]_____
Title _____

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## APPENDIX E

## BOOK-ENTRY SYSTEM

The information in this APPENDIX E has been provided by DTC for use in securities offering documents, and the City of Orinda (the "City") takes no responsibility for the accuracy or completeness thereof. The City cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest, principal or premium, if any, with respect to the Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC. As used in this appendix, "Securities" means the Bonds, "Issuer" means the City, and "Agent" means the Paying Agent. The City notes that it will issue one fully registered certificate for each maturity of the Bonds in the principal amount of such maturity, and suggests that this is what the first numbered paragraph below intends to convey.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## APPENDIX F

## PROPOSED FORM OF OPINION OF BOND COUNSEL

[Date of Delivery]

City Council
City of Orinda
Orinda, California

City of Orinda
(Contra Costa County, California)
General Obligation Bonds, Election of 2014, Series A
(Measure J – Road and Storm Drain Repair Project)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Orinda (the "City") in connection with the issuance of $10,000,000 aggregate principal amount of bonds designated as "City of Orinda General Obligation Bonds, Election of 2014, Series A (Measure J – Road and Storm Drain Repair Project)" (the "Bonds"). The Bonds are authorized by a resolution adopted by the City Council (the "City Council") on February 17, 2015 (the "Resolution"), and issued pursuant to a paying agent agreement, dated as of March 1, 2015 (the "Paying Agent Agreement"), between the City and U.S. Bank National Association, as paying agent. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Paying Agent Agreement.

In such connection, we have reviewed the Resolution, the Paying Agent Agreement, the tax certificate of the City dated the date hereof (the "Tax Certificate"), certificates of the City, and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the City. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Paying Agent Agreement and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution, the Paying Agent Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the City.

2. The Paying Agent Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, the City.

3. The City Council has power and is obligated to levy *ad valorem* taxes without limitation as to rate or amount upon all property within the City's boundaries subject to taxation by the City (except certain personal property which is taxable at limited rates) for the payment of the Bonds and the interest thereon.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

# APPENDIX G

# CITY OF ORINDA STATEMENT OF INVESTMENT POLICY

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# CITY OF ORINDA
## STATEMENT OF INVESTMENT POLICY
**(Revised May 6, 2014)**

The City of Orinda has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage those public funds wisely and prudently. This statement is intended to provide guidelines for the investment of the City's temporarily idle cash and outlines the policies for maximizing the efficiency of the City's cash management system.

The City operates its pooled cash under the Prudent Investor Rule, which states, in essence, that "when investing…property for the benefit of another, a trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of like character and with like aims to safeguard the principal and maintain the liquidity needs of the (City) and the other depositors." (California Civil Code, Section 2261) This affords the City a broad spectrum of investment opportunities, provided the investment is deemed prudent and is allowable under current legislation of the State of California.

The City's criteria for selecting investments are, in order of priority:

1. Safety. The City shall utilize instruments which have low potential for loss of principal and interest.
2. Liquidity. The City shall maintain a portfolio of investments, an adequate percentage of which can be converted to cash as necessary to meet expenditure requirements, with a minimal chance of losing some portion of principal or interest. Maturities shall be selected to anticipate cash needs, thereby avoiding the need for forced liquidation.
3. Yield. Having satisfied the first two criteria, the City shall attempt in selecting instruments to obtain the highest rate of return possible on invested funds.

All securities will be denominated in United State dollars. The funds will be managed as two pools:

- Liquidity Pool
- Reserve Pool

The **Liquidity Pool** will consist of those funds which will reasonably be assumed to be needed by the City during the ensuing year, given the expected revenues and expenses. These funds will be invested in accounts or instruments in accordance with the Government Code that provide maximum liquidity and safety. Examples include bank demand accounts, approved money market funds, and the Local Agency Investment Fund (LAIF).

The **Reserve Pool** represents assets under the City's responsibility that are excess to the funds needed in the Liquidity Pool. Reiterating, these funds are to be invested in accordance with the Government Code, particularly Section 53601, with the following restrictions:

- Any individual corporate security (i.e., medium term notes as defined in Section 53601(k)) must be rated at least Aa3 or AA- *by at least two* of the Nationally Recognized Statistical-Rating Organizations [NRSRO] (e.g., Moody's, Standard &

Poor's, or Fitch).

- Any corporate security downgraded below the above-noted ratings or losing its rating by a second NRSRO must be sold within a reasonable time (typically one month).

- No one corporate issuer may be more than five percent (5%) of the Reserve Pool's assets at the time of purchase.

- No one industry's concentration will be more than twenty percent (20%) of the Reserve Pool's assets at the time of purchase.

Given the complexity, time requirements, and detailed knowledge required to do thorough portfolio analysis, the Treasurer is encouraged to maximize the use of eligible mutual funds (being cognizant of the Government Code's Section 53601 (k) (5) 10% limit of total City funds in any one mutual fund; 20% for all mutual funds), U S Treasury, Agency and Government Sponsored Enterprise securities and to avoid investments in individual corporate securities except in the most compelling cases.

Investment may be made in the following medium, subject to restrictions stated in the Government Code:

| | **Maximum Pool Limit** |
|---|---|
| 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 the maximum allowed by FDIC per institution | 100% |
| Local Agency Investment Fund (LAIF), 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% |
| Banker Acceptances, maximum of 180 days (maximum 30% of pool with One 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. A maximum term of five years issued by Corporations organized and operating within the U.S. (See rating limitations above) | 30% |

The Government Code also allows investments in the following medium. However, direct investment in these instruments is not considered practical and/or desirable by the City at this time.

| | **Maximum Pool Limit** |
|---|---|
| Repurchase Agreements and Reserve Repurchase Agreements | 10% |
| Negotiable Certificates of Deposit | 10% |
| Bonds issued by local agencies | 10% |
| State warrants, treasury notes and bonds | 10% |
| Mortgage securities | 5% |

Consideration should be given to investments that promote community economic development, i.e., doing business with local banks, provided that the criteria for safety, liquidity, and yield are met. A competitive bid process will be used, when practical.

The City shall strive to maintain the level of investment of all idle funds as near 100 percent as possible through daily and projected cash flow determinations. The City's cash management system should monitor and forecast revenues and expenditures, thus insuring the investment of monies to the fullest extent possible. The day-to-day management of idle cash and investment transactions is the responsibility of the Finance Department under the direction of the City Manager.

This policy shall be reviewed and submitted to the City Council for approval and for changes at a Public Meeting at least annually.

Investment income shall accrue solely to the General Fund except where required by law, or other binding agreement, 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. Investment income shall be credited no less than annually.

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FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272