

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



CITY OF LAFAYETTE

CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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City of Lafayette, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**Prepared by
The Administrative Services Department**

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For the Year Ended June 30, 2016

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City Council

Mark Mitchell, Mayor
Mike Anderson, Vice Mayor
Brandt Andersson, Council Member
Traci Reilly, Council Member
Don Tatzin, Council Member

December 12, 2016

To: Lafayette City Council
From: Tracy Robinson, Administrative Services Director
RE: Fiscal Year 2015-16 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Lafayette for the fiscal year ending June 30, 2015 is submitted in compliance with Section 25253 of the Government Code of the State of California and as prescribed by the Government Accounting Standards Board (GASB) Statement 34.

This report was prepared by the City of Lafayette Finance Department and the responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, the data included in the report is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

While it is theoretically possible to design and implement controls that are virtually foolproof, it would be extremely costly to do so. It is difficult to justify paying more for controls than the value of the benefits that they provide. Therefore, entities must, as a practical matter, accept less-than-perfect controls. Thus, one inherent limitation of internal control is that a certain degree of risk will always be unavoidable because of cost/benefit considerations. Another challenge arises from the unique role that management plays in internal control. Managers are almost always in a position to circumvent any controls they put in place. A second inherent limitation of internal control is the risk of management override. Lastly, many control-related procedures depend on employees serving as checks and balances on one another. The effectiveness of such procedures can be frustrated if employees conspire to circumvent the control. A third inherent limitation of internal control is the risk of collusion. The City of Lafayette has implemented internal controls to the extent possible within budgetary constraints. The City is consistently looking for ways to augment such controls using current staffing, including but not limited to training, physical audits by management, separation of duties and standardized documentation to the extent possible.

Maze & Associates have issued an unqualified (“clean”) opinion on the City of Lafayette’s financial statements for the year ended June 30, 2016. The independent auditor’s report is included with this report.

The CAFR represents the culmination of all budgeting and accounting activities of the City during FY 2015-16. The Management Discussion and Analysis which is also included in this report provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION ABOUT THE CITY OF LAFAYETTE

Incorporated in 1968, Lafayette is located in Contra Costa County, one of the nine counties of the San Francisco Bay Area. Located on 15 square miles, Lafayette is noted for its high quality of life with top rated schools, low crime rate, small town downtown, clean air, mild climate and oak tree-studded hills. Located between Berkeley and Walnut Creek, Lafayette has its own Bay Area Rapid Transit station (BART) and is only a 25 minute BART ride from San Francisco.

The City’s 2015 population reported by the State of California Department of Finance was 24,924. The City is primarily a residential community with commercial (retail and office) and light industrial enterprises, as well as local governmental offices.

Lafayette’s commercial district lies in the center of the community and offers a wide variety of services for residents, in addition to boutique shopping and fine dining. The annual Art & Wine Festival attracts as many as 80,000 visitors to the City each year in September.

The City operates under the Council-Manager form of government, and is governed by a five-member Council elected at large, serving staggered four-year terms. Council elections are held in November of even numbered years. The Mayor is elected by the Council members from within their ranks to serve rotating one-year terms. The City Manager and City Attorney are appointed by the City Council. The City Manager appoints all Department Directors and through them, all other employees of the City.

Lafayette is a limited service city and contracts with Contra Costa County for police, library, animal, and building services. Other examples of services delivered within the City that are provided by separate agencies are: fire service provided by the Contra Costa Consolidated Fire District, water service by East Bay Municipal Utility District, and sewer service by the Central Contra Costa Sanitary District. The Lafayette School District operates the 4 elementary schools and one middle school within the city boundary. The high school is in the Acalanes Unified School District, which also serves the communities of Canyon, Moraga, Orinda, and portions of Walnut Creek. As a result, the City has only one component unit and no other legal entities for which it is financially or legally responsible.

The City’s fiscal year runs from July 1 through June 30. Each year, the Administrative Services Director prepares two budgets -- the Proposed Budget, which is approved in June, and the Final Budget, which is approved in December. The budget process is as follows:

- In January, the City Council meets to set the goals and priorities for the upcoming fiscal year.
- In February and March, the department heads prepare their preliminary budgets and incorporate requests from commissions and committees.
- In mid-March, each department head meets with the City Manager, Administrative Services Director and Finance Manager to review the budget requests.
- In mid-April, the Administrative Services Director presents the Proposed Budget to the Finance Committee.
- At the end of May, the Proposed Budget is introduced at a regular City Council meeting.
- The City Council holds a special budget workshop meeting, usually during the first week in June. At this meeting, the public is invited to comment on the budget and the Council makes a number of important policy decisions regarding the budget.
- The budget and any changes made to it during the budget workshop are adopted by resolution at the next regularly scheduled City Council meeting.
- After final figures for the prior fiscal year have been audited, usually in late October, the Administrative Services Director begins work on the Final Budget. The Final Budget incorporates actual expenses and revenues from the prior fiscal year, as well as any changes made by the City Council to the Proposed Budget. If other programs or expenditures are anticipated, these items are incorporated into the Final Budget as well.
- The City Council reviews the Final Budget at a regularly scheduled meeting in December, and adopts the Final Budget by resolution.

This annual budget serves as the foundation for Lafayette's financial planning and control. The budget is prepared by fund, function and department. Department heads may transfer resources within a department as they see fit. The City Council must approve changes to established levels of service, changes in the number of regular positions as defined by the City's adopted Personnel Rules, increases in the total amount allocated for each program, and purchases of capital items which exceed \$10,000 in value and which are not itemized in the Capital Outlay accounts. The City Manager can approve all other modifications not specifically reserved for the City Council.

The City continues to maintain reserves well above best practice recommendations and continues its philosophy of conservative retirement programs, which do not include defined benefit plans.

ORGANIZATIONAL STRUCTURE & COMPENSATION

The City employs 39.47 FTEs regular employees as well as a number of temporary and seasonal employees. Most of the senior management team is experienced and long-tenured:

Steven Falk	City Manager	26 years
Tracy Robinson	Administrative Services Director	16 years
Tony Coe	City Engineer	22 years
Jonathan Katayanagi	Parks & Recreation Director	2 months
Mike Moran	Public Works Director	2 years
Joanne Robbins	City Clerk	22 years
Niroop Srivatsa	Planning & Building Director	22 years
Jennifer Wakeman	Financial Services Manager	3 years
Eric Christensen	Chief of Police, County (contract)	5 years
Mala Subramanian	City Attorney, BB&K (contract)	9 years

Unlike most public sector organizations, the City of Lafayette does not participate in a defined benefit retirement program. Rather, City employees have traditional defined contribution programs (401 and 457 plans). In addition, the City has fully funded the retiree medical program; therefore, there are no unfunded liabilities for retirement benefits.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

Lafayette is an affluent suburb of a major metropolitan area and its proximity to a public transit station (BART) makes it convenient for commuters. In addition, the semi-rural setting, low crime rate and excellent schools make the city attractive to families.

The residents are generally highly educated, with over 74% having bachelor's degrees or higher and almost 31% hold graduate or professional degrees. Unemployment is also very low. As of September 2016, unemployment in Lafayette was 2.7% compared to 5.0% for the County and 6.2% for the state. The median household income is \$138,073, which compares to \$61,489 for the State. The median sales price of homes in Lafayette as of November 2016 was \$1,320,000. Homeownership rates are also very high, at 75%, as compared to a state average of 56%.

All of these factors bode well for Lafayette's major sources of revenue. Both property and sales taxes are at all-time highs. Also, after several years of dormancy due to a recession, development has started again and since 2008 an average of approximately 43 units per year will have been added to Lafayette's housing stock by 2018. This additional housing includes a combination of single family homes, multi-family condominiums, townhouses and apartments, second units and assisted living facilities.

Major Revenue Trends (in \$000s)



Long Term Financial Planning & Major Initiatives

As of June 30, 2016, the City of Lafayette’s financial condition remains sound. An indicator of financial condition is the level of fund balances, both reserved and unreserved, in the City’s General Fund. In 2015, the City Council set a policy of retaining a minimum of 60% of the year’s General Fund operating expenditures as a reserve. As of June 30, 2016, \$10.2M or 80% is designated for this purpose. This represents an increase of \$1.5M over the prior year.

The City uses a multi-year financial planning process which includes estimates of future revenue and operating expenditure growth, as well as capital needs to be financed from the General Fund over the next five years. The five-year forecast shows that the City will be able to maintain its reserve requirement and balance its budget for the next five years while preserving current services.

Additional reserves against the General Fund include various “sinking funds” for future operating costs such as vehicle replacements, vacation accruals, retiree healthcare, capital expenditures and other monies that have been earmarked for specific purposes by the Council. This allows the City to save money over time for significant capital acquisitions and, therefore, smooth the funding path.

The City of Lafayette maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its infrastructure is well maintained. Under the guidance of the Capital Projects Assessment Committee, the City prioritizes roads for maintenance and reconstruction. Over the course of the last 15 years, the City has been able to whittle what was once a \$23M road maintenance backlog down to less than \$10M. During that time, the City has contributed over \$7M in General Fund reserves to the Pavement Management Program. These funds, along with franchise impact fees, grants, gas tax and Measure J regional money have allowed the City to reconstruct many of the failed residential roads. The FY2016-17 capital program anticipates \$8.2M in projects. The City estimates that by 2018, the entire backlog will have been substantially reduced. This will relieve one of the largest ongoing burdens on the General Fund over the last 20 years.

In the next fiscal year, the City must relocate its Police services to a new building. The cost of relocation in FY2016-17 is expected to be \$1.445M. The City's current reserves are enough to cover this cost and still remain above the 60% General Fund reserve target. The City has an option to purchase this facility in the next five years for approximately \$1.5M. The option extends for at least 15 years with set price escalators each year. Future budgets will begin to accrue the money for that contingency so as not to incur a large drain on cash at the time the purchase occurs.

Relevant Financial Policies

The City has a conservative investment policy which emphasizes safety and preservation of capital over yields. The City had previously invested all free cash in the State of California's pooled fund, the Local Agency Investment Fund (LAIF). However, due to the very low interest rates returned by that fund, the City recently revised its portfolio allocations to take advantage of additional securities that boost earnings while still maintaining safety and liquidity. In addition to maintaining a balance with LAIF, the current portfolio is invested in laddered certificates of deposit, the CalTrust pooled fund, and select, highly-rated corporate notes.

Several years ago, the Council recognized that it may have a significant shortfall in the Stormwater Pollution Fund in the next ten years given the inability to raise permit fees while at the same time facing increased costs and program mandates. They decided to begin setting aside money in a special sinking fund for this purpose. This fund will grow to \$1.1M by 2023, thus allowing this program to more smoothly bridge expected deficits for a period of time. Similarly, the Council also moved to increase the Insurance Reserve Fund by \$50K annually for 5 years in order to bring that reserve to a total of \$500K, which equals the deductible required for catastrophic losses.

The 5-year expense and revenue forecast shows that using conservative estimates for revenue growth of 2%, expense growth of 4% and an increase of \$400K over the annual capital contribution of \$1M annually in order to finish road repairs for the next 3 years. Although the City's reserve will remain relatively steady \$10M going forward this does represent a decreasing percentage every year but still at the Council's 60% target.

It is the Council's policy to adopt a balanced budget each year with very conservative estimates for both revenue and expenses. It has been the City's experience that at the end of the year, favorable variances, in both revenues and expenses, allow the City to continue to build the General Fund reserve, as well as, transfer resources to much needed capital projects.

FINANCIAL REPORTING AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lafayette for its comprehensive annual report for the fiscal year ended June 30, 2015. This was the first year that the City of Lafayette has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation and development of this report would not have been possible without the special efforts of the entire Finance Department, and most notably, the Financial Services Manager, Jennifer Wakeman. We would like to take this opportunity to compliment and express our gratitude to all those staff members of the City and our independent auditing firm who were associated with the preparation of this report.

In closing, without the continued leadership and support of the City Council, it would not be possible to conduct the financial operations of the City in the responsible and transparent manner in which they have been managed.

CITY OF LAFAYETTE
CITY OFFICIALS AS OF JUNE 30, 2016

MAYOR

Mark Mitchell

Term Expires November 2016

CITY COUNCIL

Mike Anderson, Vice Mayor
Term Expires November 2016

Traci Reilly, Council Member
Term Expires November 2016

Don Tatzin, Council Member
Term Expires November 2018

Brandt Andersson
Term Expires November 2018

CITY MANAGER

Steven B. Falk – 26 years of service

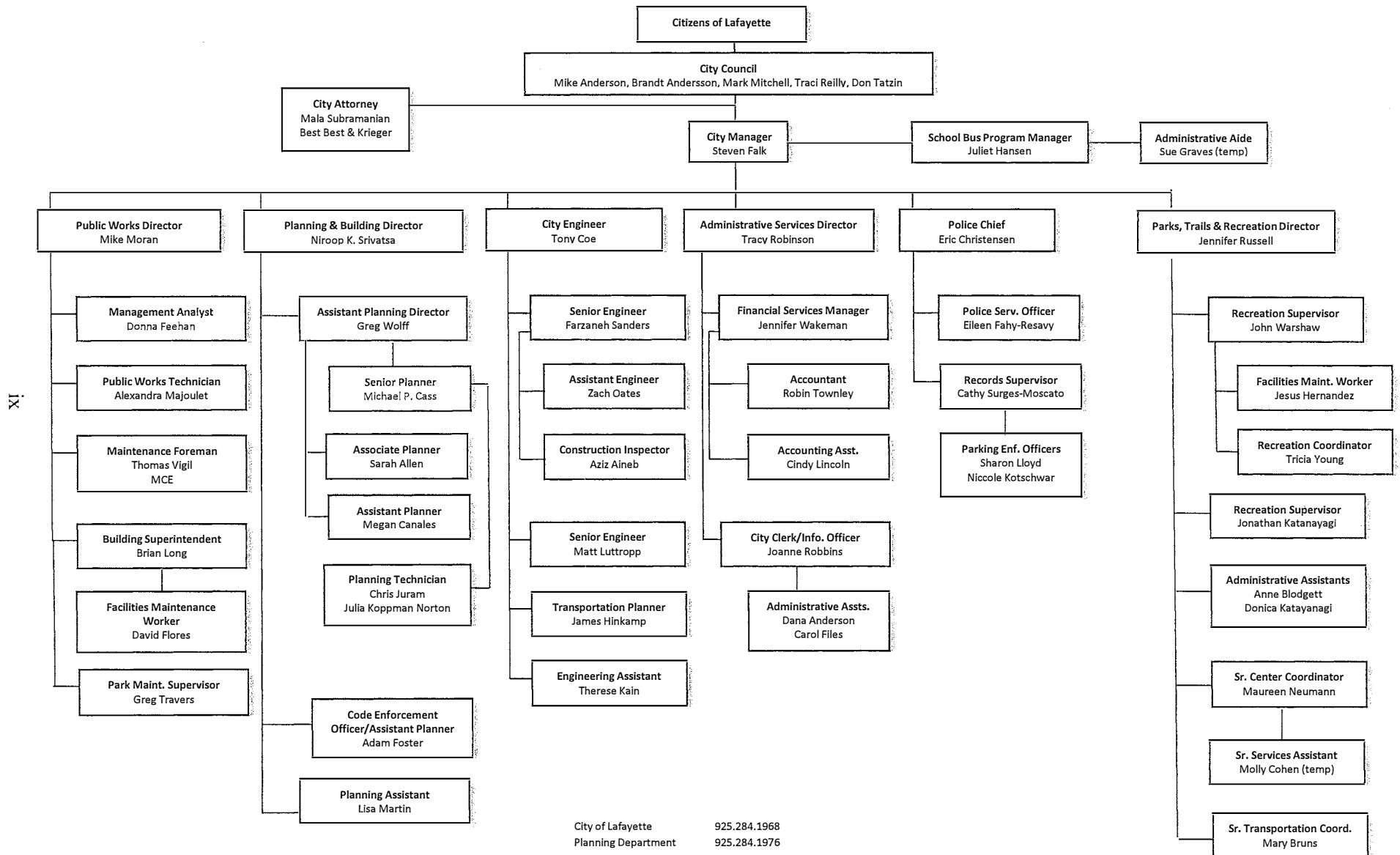
ADMINISTRATIVE SERVICES DIRECTOR

Tracy Robinson – 16 years of service

FINANCIAL SERVICES MANAGER

Jennifer Wakeman – 3 years of service

City of Lafayette Organization Chart

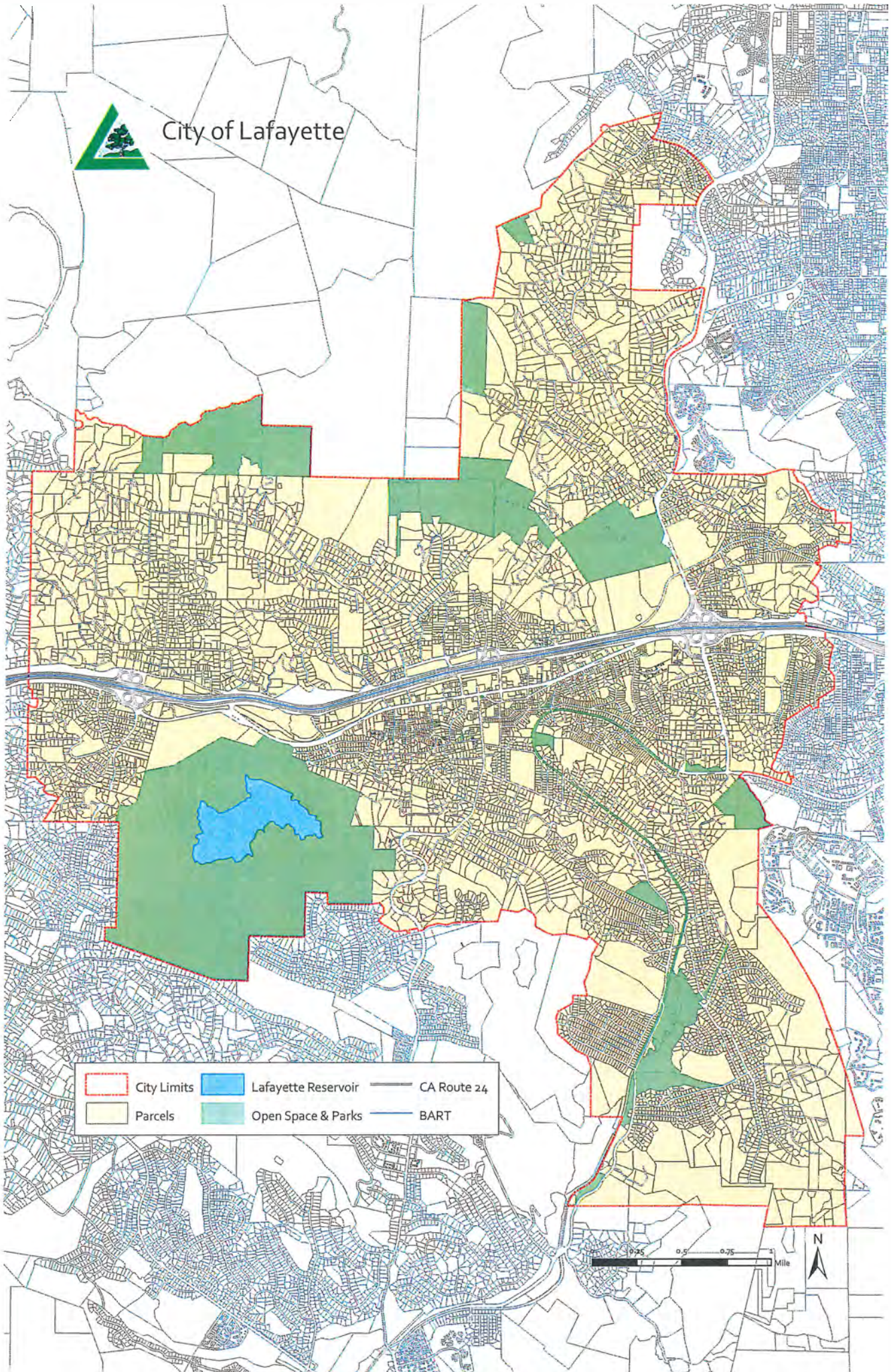








XI.

City of Lafayette 925.284.1968
 Planning Department 925.284.1976
 Engineering Department 925.284.1951
 Public Works Department 925.934.3908
 Parks & Recreation 925.284.2232
 Email: FirstInitialLastName@lovelafayette.org



City of Lafayette



 City Limits	 Lafayette Reservoir	 CA Route 24
 Parcels	 Open Space & Parks	 BART



Government Finance Officers Association

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

Presented to

**City of Lafayette
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Lafayette, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California

November 21, 2016

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CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

The management staff of the City of Lafayette (City), offers readers of the City's financial statements this narrative overview and analysis of City financial activities for the fiscal year ended June 30, 2016. To obtain a complete understanding of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter, Basic Financial Statements, and other information.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$132,302,539 (*net position*). Of this amount, \$25,228,894 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1,852,398 compared to the net position at the end of last fiscal year.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$33,499,072, an increase of \$2,432,579 in comparison with the prior year. \$9,766,041 (approximately 29% of the combined fund balance) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$12,563,641, or approximately 105% of total general fund expenditures.
- The City's total outstanding long-term debt on the Statement of Net Position consists of General Obligation Bonds with outstanding balances of \$6,120,000.

Overview of the Financial Statements

The discussion and analysis presented here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. This statement is similar to a private sector balance sheet.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, streets, parks, and planning and community development. The business-type activities include the City's recreation program.

One of the most important questions often asked about the City's finances is, "Is the City better or worse off as a result of the year's activities?" The *Statement of Net Position* and the *Statement of Activities* report information about the City as a whole in a way that helps answer this question.

The government-wide financial statements can be found on pages 17-22 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. Most of the City's basic services are reported here, including general government, public safety, streets, parks, and planning and community development. These activities are financed by sales taxes, property taxes, vehicle license fees, franchise fees, and vehicular fines. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

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

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

The City maintains twenty-one individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital project funds, the debt service fund, the public facilities fund, and the streets and signals fund, which are considered to be major funds. Data from the other remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The twenty-one funds (with corresponding fund numbers in parentheses) are grouped as follows:

- General Fund includes the General Fund (11), Library Operations (37), and Insurance (76).
- Capital Projects Funds includes Parks Facilities (12), Parkland Acquisition (17), City Offices (75), and Road and Drain Improvement (79).
- Debt Service Fund includes only General Obligation Bonds (78).
- Public Facilities Fund includes only Public Facilities (16).
- Streets & Signals Fund includes only Streets & Signals (14).
- Other Governmental Funds include: Parking Programs (32), Vehicle Abatement (34), Senior Transportation (36), Housing Successor Agency (38), Street Lighting (51), Core Area Maintenance (52), Storm Water Pollution (53), Gas Tax (71), Measure J (72), and Supplemental Law Enforcement (73).

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23-30 of this report.

Proprietary Funds. The City maintains one type of proprietary fund, an enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its recreation programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one type of fiduciary fund, a private-purpose trust fund. The *Private-purpose trust fund* is used to report resources held in trust for the Successor Agency to the (now dissolved) Redevelopment Agency that are used to make payments on outstanding obligations.

The fiduciary fund financial statements can be found on pages 35-38 of this report.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-65 of this report.

Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information*. Provided here is a budgetary comparison schedule for the general fund comparing the original budget to the final budget and the final budget to the actual (Pages 66-88).

Statistical Section. This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health (Pages 89-132).

Government-wide Financial Analysis

The largest portion of the City's net position (75%) is the net investment in capital assets of \$99,141,344. This portion reflects the investment in capital assets (e.g., land, buildings, equipment, vehicles, and infrastructure (public streets and storm drains)), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the City's net position (19%) is the unrestricted portion of \$25,228,894. This portion represents resources that are available to meet the City's ongoing obligations at the discretion of the City Council. The remaining balance of \$7,932,301 is subject to external restrictions on how it may be used.

At the end of the current fiscal year, the City is able to report positive balances in all reported categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Cash and investments	\$ 13,891,920	\$ 12,805,416	\$ 270,877	\$ 728,896	\$ 14,162,797	\$ 13,534,312
Other assets	22,578,271	20,729,913	622,421	16,779	23,200,692	20,746,692
Capital Assets	105,261,344	106,361,041	-	-	105,261,344	106,361,041
Total assets	141,731,535	139,896,370	893,298	745,675	142,624,833	140,642,045
Liabilities						
Accounts payable & accrued liabilities	1,090,528	1,500,832	21,476	3,522	1,112,004	1,504,354
Refundable deposits	884,830	870,098	21,606	17,766	906,436	887,864
Due to other funds	888,037	-	-	-	888,037	-
Long-term debt	6,120,000	6,610,000	-	-	6,120,000	6,610,000
Other liabilities	878,289	826,830	417,528	362,856	1,295,817	1,189,686
Total liabilities	9,861,684	9,807,760	460,610	384,144	10,322,294	10,191,904
Net position						
Net investment in capital assets	99,141,344	99,751,041	-	-	99,141,344	99,751,041
Restricted	7,932,301	7,255,961	-	-	7,932,301	7,255,961
Unrestricted	24,796,206	23,081,608	432,688	361,531	25,228,894	23,443,139
Total net position	\$ 131,869,851	\$ 130,088,610	\$ 432,688	\$ 361,531	\$ 132,302,539	\$ 130,450,141

The City's overall net position increased \$1,852,398 from the net position at the end of last fiscal year. The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Changes in Net Position

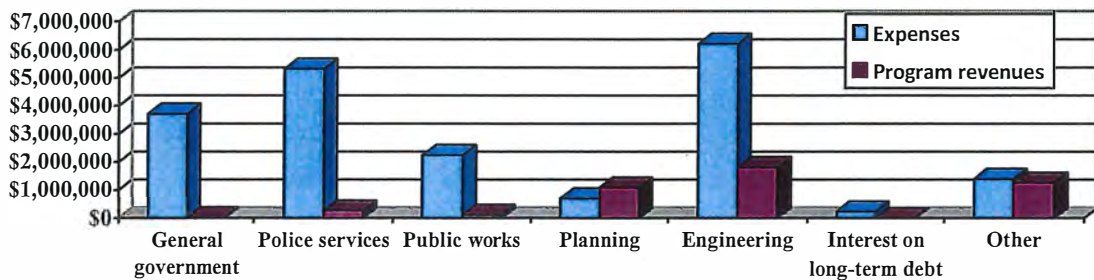
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues						
Charges for services	\$ 3,026,008	\$ 3,343,339	\$ 1,389,294	\$ 1,300,023	\$ 4,415,302	\$ 4,643,362
Operating grants and contributions	907,697	751,836	-	-	907,697	751,836
Capital grants and contributions	619,102	893,741	-	-	619,102	893,741
General revenues						
Property taxes	6,346,889	5,427,316	-	-	6,346,889	5,427,316
Other taxes	7,601,515	9,327,707	-	-	7,601,515	9,327,707
Other	3,049,210	705,415	762	466	3,049,972	705,881
Total revenues	21,550,421	20,449,354	1,390,056	1,300,489	22,940,477	21,749,843
Expenses:						
General government	3,711,254	3,271,853	-	-	3,711,254	3,271,853
Police services	5,321,731	5,272,182	-	-	5,321,731	5,272,182
Public works	2,238,759	2,053,516	-	-	2,238,759	2,053,516
Planning	692,472	620,735	-	-	692,472	620,735
Engineering	6,214,874	6,070,370	-	-	6,214,874	6,070,370
Infrastructure	-	-	-	-	-	-
Interest on long-term debt	230,625	252,475	-	-	230,625	252,475
Recreation	-	-	1,288,899	1,224,490	1,288,899	1,224,490
Other	1,389,465	1,297,309	-	-	1,389,465	1,297,309
Total expenses	19,799,180	18,838,440	1,288,899	1,224,490	21,088,079	20,062,930
Change in net position before transfers	1,751,241	1,610,914	101,157	75,999	1,852,398	1,686,913
Transfers	30,000	30,000	(30,000)	(30,000)	-	-
Change in net position	1,781,241	1,640,914	71,157	45,999	1,852,398	1,686,913
Net position - beginning	130,088,610	128,447,696	361,531	315,532	130,450,141	128,763,228
Prior period adjustment		-				-
Net position - ending	\$ 131,869,851	\$ 130,088,610	\$ 432,688	\$ 361,531	\$ 132,302,539	\$ 130,450,141

- An improved local housing market led to improvements in revenue from property and motor vehicle in lieu fees: property (+\$920,000) and motor vehicle in-lieu (which grows with property tax, +\$180,000).
- Overall economic recovery continued. Sales tax saw a bump resulting from the closeout of the Triple Flip and a bustling downtown (+\$410,000). Transient occupancy tax receipts increased \$44,000 from the prior year.
- Franchise fees increased due to activity and contracted rates (+\$330,000).
- Expenses increased 5% from the prior year, with the largest increases in general government and public works.
- General government expenses increased due to the commissioning of several studies; voter attitude survey, Pleasant Hill Road traffic study, and Leigh Creekside Park environmental study.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2016

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,781,241 from the prior fiscal year balance, for an ending balance of \$131,869,851.

Expenses and Program Revenues - Governmental Activities



- Public safety recouped 4% of its program costs, or \$261,594 in program revenues
- While planning recouped more than its costs in this fiscal year, this can be a bit misleading as the work can extend over a period longer than a year
- With program revenues of \$1,810,428, Engineering (which includes capital project costs) recoups about 29% of its costs with the remaining funding coming from general revenues, including gas tax and Measure J street monies
- The Other program comprises costs for parking, library operations and the senior transportation program

Business-Type Activities. For the City's business-type activity, recreation programs, the results for the current fiscal year were positive in that overall net position increased to reach an ending net position of \$432,688. The total increase in net position for business-type activities was \$71,157 or 20% from the prior fiscal year. Some of the bump in revenue this year is attributable to new recreation software that uses full accrual accounting, causing more of the revenue to be recorded to June than under the previous methodology. In addition, recreation's summer 2015 program was very strong with consistent attendance at Camp Awesome created by the limited supply of enrollment spaces due to the Manzanita Building renovation, which also created higher demand for contract camps and connections.

Financial Analysis of the Government's Funds

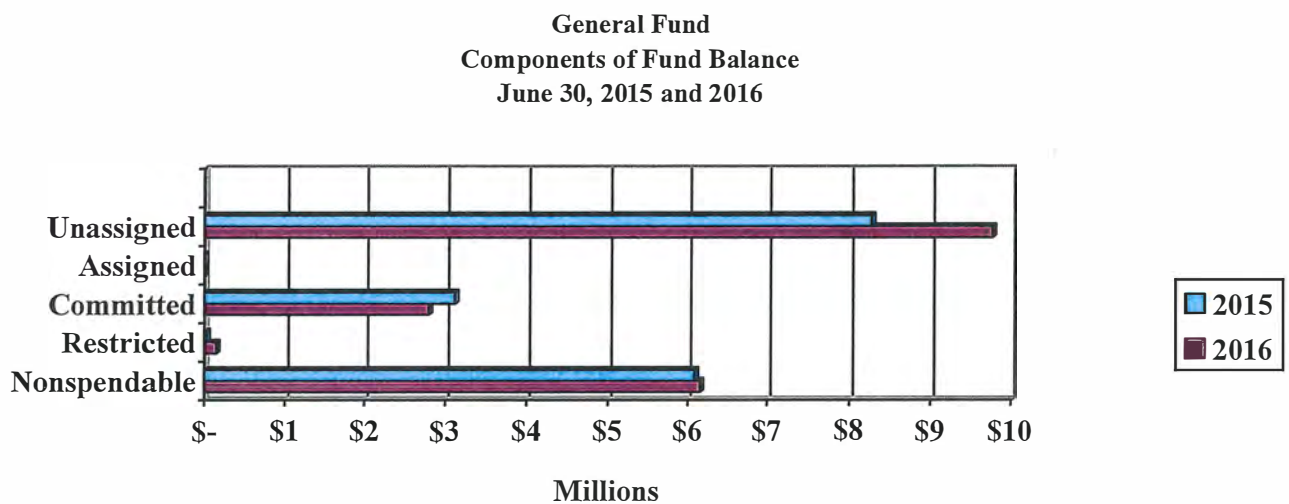
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or an individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2016

At June 30, 2016, the City's governmental funds reported combined fund balances of \$33,499,072 an increase of \$2,432,579 in comparison with the prior year. Approximately 29% of the combined fund balance, or \$9,766,041, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) not in spendable form (\$6,155,010), 2) legally required to be maintained intact (\$0), 3) restricted for particular purposes (\$9,226,597), 4) committed for particular purposes (\$8,351,424), or 5) assigned for particular purposes (\$0).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,766,041, while total fund balance increased to \$18,861,082. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents about 82% of total general fund expenditures, which exceeds industry recommendations, while total fund balance represents about 158% of that same amount.



The fund balance of the City's general fund increased by \$1,366,327 during the current fiscal year primarily due to the strong local housing market, the sunset of the Triple Flip, and increases in motor vehicle in-lieu tax and franchise taxes. Fiscal year 2015-16 continued to see housing developments open for sale and housing costs rise resulting in a \$437,000 increase from the prior year in property tax. Motor vehicle in-lieu fees grow with property tax and saw a corresponding jump of \$179,783. In addition, the wind down of the State's Triple Flip bumped up sales tax for the year with a final clean-up payment in the amount of \$385,242. Finally, per contract, solid waste street impact fees, which are used to help fund road repair and maintenance, increased by \$267,843.

The public facilities fund, a major fund, had an \$84,455 increase in fund balance during the current fiscal year, which put the overall fund balance at \$197,312. The increase results from the lease agreement established with the Lafayette School District for the building at 952 Moraga Road and the fact that utility and maintenance costs were not as high as the amount transferred in from the General Fund anticipated.

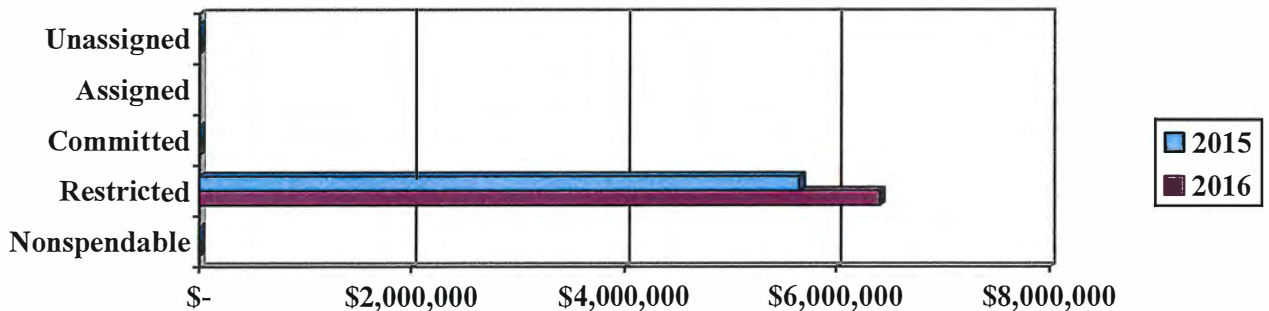
CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2016

The streets and signals fund, a major governmental fund, had a \$461,722 decrease in fund balance in the current fiscal year, resulting in an end of year balance of \$1,655,152. The net negative change was the result of utilizing resources that had been accumulated in prior years on projects that were executed in the current fiscal year.

The capital projects funds, a major fund, had a \$767,179 increase in fund balance during the current fiscal year which raised the overall fund balance to \$4,853,225. This was primarily due to the fact that there are no active projects on which these funds are currently being applied. As a result, the fund balance is building as revenues accumulate.

The debt service fund, the remaining major fund, had a \$63,370 decrease in fund balance during the current fiscal year, which put the overall fund balance at \$1,531,355. The decrease results from the scheduled use of the excess fund balance that exists. Each year when the tax levy is calculated, the current fund balance is taken into account against the remaining debt service so that a lower rate is achieved along with the planned use of current funds. The lower tax rate reduces the property tax bills for landowners.

**Other Governmental Funds
 Components of Fund Balance
 June 30, 2015 and 2016**



Governmental funds that do not meet the determination of a major fund are presented in the aggregate. The other governmental funds had a \$739,710 increase in fund balance, resulting in an end of year balance of \$6,400,946. This increase is primarily attributable to the following factors: a \$100,000 bequest to the senior transportation program, the unanticipated repayment of a loan from Eden Housing (\$385,000), the expenditure of \$224,000 more gas tax funds than were received in the current fiscal year, and the accumulation of Measure J funds (\$489,000).

Proprietary Funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The City's recreation program is tracked as an enterprise fund, a type of proprietary fund.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Unrestricted net position of the recreation programs at the end of the year was \$432,688. The total growth in net position for the fund was \$71,157. As noted earlier in the discussion of business-type activities, the increase to the recreation programs is due to the transition to a full accrual based recreation program, which caused more revenues to be coded to June than usual, thus causing a bump in the revenue numbers. In addition, with the completion of construction on the Jennifer Russell Building in the early part of this fiscal year, it was able to be rented out and generate additional rental fees.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year several changes were made between the proposed and final budgets. The most significant of these include:

- Increase in General Fund expenditures:
 - \$160,169 for the setting of a bonus pool for staff
 - \$50,000 for the replacement of a police vehicle (released from the reserve)
 - \$26,250 for a voter attitude survey
- Increase in General Fund transfers out:
 - \$80,000 to the Stormwater Pollution Fund for Creeks Committee development of a Downtown Creeks Preservation, Restoration and Development Plan
 - \$50,000 to the Parking Fund for a City match on the BAAQMD Charge! program
 - \$450,000 to the Parking Fund from prior year surplus
 - \$450,000 to the City Office Development Fund from prior year surplus

Final budget compared to actual results. Actual revenues came in over budget by \$958,565.

Property Tax and assessments are the largest revenue source for the City. Incorporated in 1968, the City did not levy a property tax prior to 1978 when Proposition 13 was adopted. Consequently, it receives a relatively low share of the property tax under the statutory formula. Under legislation adopted in 1988, some relief has been granted to cities in similar circumstances. Property tax collections, however, continue to be relatively less than most other California cities collect. Currently, the City receives approximately 6.18% of the property taxes paid by its residents, compared to an average of 10.5% for other cities in Contra Costa. This is not likely to change.

Despite the comparatively low share received by the City, the property tax base remains stable. Assessed values in the City increased 7.76% from \$6,434,646,831 in fiscal year 2014/15 to \$6,933,931,448 in fiscal year 2015/16. The difference between the property tax budget and actual is that we did not foresee such a large increase. We forecast growth of 3%, whereas the reality was 10.91%. Property tax revenues increased at a rate greater than the increase in assessed value due to contributions from supplemental and unitary taxes.

As stated previously, the recovery of the local economy improved not just property tax revenues, but also transient occupancy and real property transfer tax. In addition, the City doubled the vehicle impact franchise fee received from the solid waste contract, which will generate additional funding for future road repairs.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Actual expenditures came in \$985,341 under budget. The primary sources of these savings were police services, public works, library operations, and administration. Police services were under budget by \$277,474 due to the uncertainty around increased contract costs with the Sheriff's Department. In addition, additional funds are always budgeted here in the event that extra staff may be needed. Public works was under budget by \$166,288 due to unused emergency response budget (\$50,000) and unspent prior year savings, as most contract and supply expenses came in as expected. Library operations came in \$235,305 under budget primarily because an audio visual system upgrade (\$120,000) budgeted by the City was paid for by the Lafayette Library and Learning Center Foundation. Additional savings contributing to the total variance came from savings on the book sorter maintenance (\$20,000) and contractual services (\$25,000). Administration came in under budget by \$168,008 due to unused outside counsel budget in legal services (\$100,000) and unspent prior year savings (\$38,382).

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets, net of accumulated depreciation, for its governmental activities as of June 30, 2016 is valued at \$105,261,344. The City did not have any capital assets for its business-type activities as of June 30, 2016.

	Governmental activities	
	2016	2015
Land	\$ 14,230,959	\$ 14,230,959
Improvements	2,257,719	2,750,943
Buildings	39,267,865	37,563,787
Infrastructure	46,629,513	46,881,203
Equipment	650,295	719,310
Vehicles	548,309	565,056
Books and artwork	1,253,104	1,307,701
Construction in progress	423,580	2,342,082
Total capital assets	\$ 105,261,344	\$ 106,361,041

Major capital asset events during the current fiscal year included the following:

- Implemented the accounting system fixed asset module
- Completed the 2015 Road Rehabilitation Project
- Completed construction of the Happy Valley Road and Quandt Road Walkways
- Completed trail crossing improvements on St. Mary's Road
- Began the 2015 Surface Seal Program, the 2016 Road Rehabilitation Project and the Olympic-Reliez Station Road Corridor Improvements

Additional information on the City's capital assets can be found in Note 6 on page 54.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2016

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$6,120,000. This amount is comprised of three general obligation bonds that were issued for the purpose of reconstructing the City's major arterial roadways. This amount is ad valorem property tax debt for which the government is liable in the event of default by the property owners subject to the tax. As of June 30, 2016, the City did not have any long-term obligations for its business-type activities.

The City's total debt decreased by \$490,000 (8%) during the current fiscal year. The reason for the decrease was the regularly scheduled principal payments on the existing outstanding debt.

The City maintains a "AAA" rating from Standard & Poor's for general obligation debt.

State statutes limit the amount of general obligation debt a government entity may issue to annual revenue, unless approved by 2/3 of voters. The debt limitation for the City was \$19 million, which is significantly in excess of the City's outstanding general obligation debt of \$6,120,000.

Additional information on the City's long-term debt can be found in Note 7 on page 55 of this report.

Economic Factors

The City places a high priority on supporting existing businesses and attracting new business that will appeal to residents. Through collaboration with business and property owners, developers, and the Chamber of Commerce, the City of Lafayette continues to prosper as the economy continues its recovery from the recession. Sales tax revenues continue to climb higher due to new restaurants and retailers and transient occupancy tax is reflective of a higher number of guests coming to the City.

Requests for Information

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

City of Lafayette
Finance Department
3675 Mt Diablo Blvd., Suite 210
Lafayette, CA 94549

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2016

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Debt Service and Capital Projects Funds. The City's Business Type Activities include all its Enterprise Activities. Fiduciary activity is excluded.

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

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

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CITY OF LAFAYETTE
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$13,891,920	\$270,877	\$14,162,797
Restricted cash and investments held by fiscal agents (Note 3)	11,327,646		11,327,646
Accounts receivable	2,768,973	132,182	2,901,155
Interest receivable	11,355	286	11,641
Due from other funds	412,780	475,257	888,037
Prepaid items (Note 1J)	57,563	14,696	72,259
Loan receivable from Successor Agency (Note 5)	7,979,552		7,979,552
Net OPEB Asset (Note 9)	4,899		4,899
Other assets	15,503		15,503
Capital assets (Note 6):			
Non-depreciable	15,088,688		15,088,688
Depreciable, net of accumulated depreciation	90,172,656		90,172,656
Total Assets	<u>141,731,535</u>	<u>893,298</u>	<u>142,624,833</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,090,528	21,476	1,112,004
Interest payable	104,618		104,618
Refundable deposits	884,830	21,606	906,436
Due to other funds	888,037		888,037
Unearned revenue	102,825	376,244	479,069
Accrued compensated absences (Note 1G):			
Due within one year	134,169	8,257	142,426
Due in more than one year	536,677	33,027	569,704
Long-term debt (Note 7):			
Due within one year	510,000		510,000
Due in more than one year	5,610,000		5,610,000
Total Liabilities	<u>9,861,684</u>	<u>460,610</u>	<u>10,322,294</u>
NET POSITION (Note 10)			
Net investments in capital assets	<u>99,141,344</u>		<u>99,141,344</u>
Restricted for:			
Debt service	1,531,355		1,531,355
Special revenue projects	2,470,255		2,470,255
Housing projects	1,500,731		1,500,731
Lighting and landscaping	218,212		218,212
Community Services	2,211,748		2,211,748
Total Restricted Net Position	<u>7,932,301</u>		<u>7,932,301</u>
Unrestricted	<u>24,796,206</u>	<u>432,688</u>	<u>25,228,894</u>
Total Net Position	<u>\$131,869,851</u>	<u>\$432,688</u>	<u>\$132,302,539</u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council, commissions, and community support	\$1,358,648			
Police services	5,321,731	\$129,316	\$132,278	
Parking services	484,385	392,096		\$33,015
Public works	2,238,759	84,173		25,034
Senior transportation	124,420	33,163	165,925	
Library operations	780,660	39,830	596,010	
Planning	692,472	1,079,937	6,766	
Engineering	6,214,874	1,249,375		561,053
Administration	2,352,606	18,118	6,718	
Interest on long-term debt	230,625			
Total Governmental Activities	19,799,180	3,026,008	907,697	619,102
Business-type Activities:				
Recreation Programs	1,288,899	1,389,294		
Total Business-type Activities	1,288,899	1,389,294		
Total	\$21,088,079	\$4,415,302	\$907,697	\$619,102
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Franchise taxes				
Transient occupancy tax				
Highway users tax				
Transfer tax				
Motor vehicle in lieu, unrestricted				
Investment earnings				
Other				
Transfers, net (Note 4A)				
Total general revenues and transfers				
Change in Net Position				
Net Position-Beginning				
Net Position-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$1,358,648)		(\$1,358,648)
(5,060,137)		(5,060,137)
(59,274)		(59,274)
(2,129,552)		(2,129,552)
74,668		74,668
(144,820)		(144,820)
394,231		394,231
(4,404,446)		(4,404,446)
(2,327,770)		(2,327,770)
(230,625)		(230,625)
<u>(15,246,373)</u>		<u>(15,246,373)</u>
	\$100,395	100,395
	100,395	100,395
<u>(15,246,373)</u>	<u>100,395</u>	<u>(15,145,978)</u>
6,346,889		6,346,889
3,803,017		3,803,017
2,165,761		2,165,761
745,707		745,707
553,383		553,383
333,647		333,647
2,523,771		2,523,771
269,718	762	270,480
255,721		255,721
30,000	(30,000)	
<u>17,027,614</u>	<u>(29,238)</u>	<u>16,998,376</u>
1,781,241	71,157	1,852,398
<u>130,088,610</u>	<u>361,531</u>	<u>130,450,141</u>
<u>\$131,869,851</u>	<u>\$432,688</u>	<u>\$132,302,539</u>

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CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2016

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

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

The funds described below were determined to be Major Funds by the City for fiscal year 2015. Individual other governmental funds may be found in the Supplemental Section.

GENERAL FUND

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

PUBLIC FACILITIES CAPITAL PROJECTS FUND

Tracks costs associated with the purchase and repair of public buildings and construction of landscaping projects.

STREETS AND SIGNALS CAPITAL PROJECTS FUND

Tracks grants / funding contributions and costs associated with capital improvement projects: roads, drains, walkways, etc.

CAPITAL PROJECTS FUND

This fund accounts for the collection of resources and related expenditures on the acquisition and construction of major capital improvements in the City.

DEBT SERVICE FUND

This fund accounts for the accumulation of financial resources for the payment of interest and principal on the long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest.

CITY OF LAFAYETTE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	Public Facilities Fund	Streets and Signals Fund	Capital Projects Fund
ASSETS				
Cash and investments (Note 3)	\$12,474,500			
Restricted cash and investments (Note 3)		\$205,509	\$1,598,218	\$5,276,276
Accounts receivable	2,079,100		114,321	48,490
Interest receivable	3,602	136	1,308	3,716
Due from other funds	412,780			
Prepaid items (Note 1J)	56,563			
Loans receivable from Successor Agency (Note 5)	6,097,447			
Other assets	15,503			
Total Assets	<u>\$21,139,495</u>	<u>\$205,645</u>	<u>\$1,713,847</u>	<u>\$5,328,482</u>
LIABILITIES				
Accounts payable and accrued expenses	\$921,783		\$33,933	
Due to other funds	412,780			\$475,257
Refundable deposits	884,518		312	
Unearned revenue	59,332	\$8,333	24,450	
Total Liabilities	<u>2,278,413</u>	<u>8,333</u>	<u>58,695</u>	<u>475,257</u>
FUND BALANCES				
Fund balance (Note 10):				
Nonspendable	6,154,010			
Restricted	143,431		1,151,865	
Committed	2,797,600	197,312	503,287	4,853,225
Unassigned	9,766,041			
Total Fund Balances	<u>18,861,082</u>	<u>197,312</u>	<u>1,655,152</u>	<u>4,853,225</u>
Total Liabilities and Fund Balances	<u>\$21,139,495</u>	<u>\$205,645</u>	<u>\$1,713,847</u>	<u>\$5,328,482</u>

See accompanying notes to financial statements

<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$1,417,420	\$13,891,920
\$1,529,325	2,718,318	11,327,646
	527,062	2,768,973
1,030	1,563	11,355
		412,780
1,000		57,563
	1,882,105	7,979,552
		15,503
<u>\$1,531,355</u>	<u>\$6,546,468</u>	<u>\$36,465,292</u>
	\$134,812	\$1,090,528
		888,037
		884,830
	10,710	102,825
	<u>145,522</u>	<u>2,966,220</u>
\$1,000		6,155,010
1,530,355	6,400,946	9,226,597
		8,351,424
		9,766,041
<u>1,531,355</u>	<u>6,400,946</u>	<u>33,499,072</u>
<u>\$1,531,355</u>	<u>\$6,546,468</u>	<u>\$36,465,292</u>

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CITY OF LAFAYETTE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2016

Total fund balances reported on the Governmental Funds Balance Sheet \$33,499,072

Amounts reported for Governmental Activities in the Statement of Net Position
 are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
 therefore are not reported in the Governmental Funds. 105,261,344

LONG-TERM ASSETS AND LIABILITIES

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

Net OPEB Asset	4,899
Interest payable	(104,618)
Non-current portion of compensated absences	(670,846)
Long-term debt	<u>(6,120,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$131,869,851

See accompanying notes to financial statements

CITY OF LAFAYETTE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General	Public Facilities Fund	Streets and Signals	Capital Projects Fund
REVENUES				
Property taxes	\$4,441,434			
Sales tax	3,193,914			
Other taxes	3,245,115			
Charges for services	1,178,572	\$75,000	\$505,015	\$564,924
Intergovernmental	2,554,915		512,803	48,250
Licenses and permits	327,362			
Fines, forfeitures and penalties	108,791			
Use of money and property	250,034	363	2,478	9,917
Miscellaneous	943,514		216,601	
Total Revenues	16,243,651	75,363	1,236,897	623,091
EXPENDITURES				
Current:				
City council, commissions, and community support	1,339,477			
Police services	4,602,565			
Parking services				
Public works	1,849,403	5,908		63,836
Senior transportation				
Library operations	775,776			
Planning	670,380			
Engineering	373,979		780,199	
Administration	2,327,342			
Capital outlay			3,414,054	323,416
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	11,938,922	5,908	4,194,253	387,252
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,304,729	69,455	(2,957,356)	235,839
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)	25,000	15,000	2,495,634	531,340
Transfers (out) (Note 4A)	(2,963,402)			
Total Other Financing Sources (Uses)	(2,938,402)	15,000	2,495,634	531,340
NET CHANGE IN FUND BALANCES	1,366,327	84,455	(461,722)	767,179
BEGINNING FUND BALANCES	17,494,755	112,857	2,116,874	4,086,046
ENDING FUND BALANCES	\$18,861,082	\$197,312	\$1,655,152	\$4,853,225

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$664,048	\$617,193	\$5,722,675
		3,193,914
	1,162,486	4,407,601
	271,030	2,594,541
	169,428	3,285,396
	24,458	351,820
	142,930	251,721
2,750	35,615	301,157
	529,275	1,689,390
<u>666,798</u>	<u>2,952,415</u>	<u>21,798,215</u>
		1,339,477
	507,707	5,110,272
	484,161	484,161
	957,735	2,876,882
	124,244	124,244
		775,776
		670,380
	65,286	1,219,464
		2,327,342
		3,737,470
490,000		490,000
240,168		240,168
<u>730,168</u>	<u>2,139,133</u>	<u>19,395,636</u>
(63,370)	813,282	2,402,579
	760,538	3,827,512
	(834,110)	(3,797,512)
	(73,572)	30,000
(63,370)	739,710	2,432,579
<u>1,594,725</u>	<u>5,661,236</u>	<u>31,066,493</u>
<u>\$1,531,355</u>	<u>\$6,400,946</u>	<u>\$33,499,072</u>

CITY OF LAFAYETTE
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2016

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$2,432,579

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance	3,737,470
Other capitalized expenditures are added back to fund balance	662,091
Depreciation expense is deducted from the fund balance	(5,251,464)
Loss on disposal of capital asset is deducted from fund balance	(247,794)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	490,000
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ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable	9,543
Compensated absences	(51,184)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$1,781,241</u>
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See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2016

FUND FINANCIAL STATEMENTS
PROPRIETARY FUNDS

PROPRIETARY 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's only proprietary fund (business-type) is that of the "Recreation Programs."

RECREATION PROGRAMS ENTERPRISE FUND

The Recreation Department provides a variety of recreation activities that enhance the quality of life for all Lafayette citizens. The Department also administers rentals at the Lafayette Community Center and the Buckeye Fields building. The Lafayette Community Center is the primary facility used by these activities, but schools and other public and private facilities also are used. A Community Center Foundation assists the department with fundraising activities which go toward building and landscaping improvements. The City Council expects the programs to be self-supporting. The Parks and Recreation Director has full profit and loss responsibility for this budget program.

CITY OF LAFAYETTE
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2016

	<u>Recreation Programs</u>
ASSETS	
Current Assets:	
Cash and investments (Note 3):	\$270,877
Accounts receivable	132,182
Interest receivable	286
Due from other funds	475,257
Prepaid items (Note 1J)	<u>14,696</u>
Total Assets	<u>893,298</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	21,476
Refundable deposits	21,606
Accrued compensated absences - Due within one year (Note 1G):	8,257
Unearned revenue	<u>376,244</u>
Total current liabilities	<u>427,583</u>
Non-Current Liabilities:	
Accrued compensated absences - Due in more than one year (Note 1G):	<u>33,027</u>
Total liabilities	<u>460,610</u>
NET POSITION (Note 10)	
Unrestricted	<u>432,688</u>
Total Net Position	<u><u>\$432,688</u></u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Recreation Programs</u>
OPERATING REVENUES	
Recreation fees	\$1,267,814
Building rentals	117,608
Miscellaneous	<u>3,872</u>
Total Operating Revenues	<u>1,389,294</u>
OPERATING EXPENSES	
Personnel services	597,010
Contractual services	610,242
Printing and supplies	<u>81,647</u>
Total Operating Expenses	<u>1,288,899</u>
Operating Income	<u>100,395</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>762</u>
Total Nonoperating Revenues (Expenses)	<u>762</u>
Income Before Capital Contributions and Transfers	101,157
Transfers (out) (Note 4A)	<u>(30,000)</u>
Change in Net Position	71,157
BEGINNING NET POSITION	<u>361,531</u>
ENDING NET POSITION	<u><u>\$432,688</u></u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2016

	Recreation Programs
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$1,306,177
Payments to suppliers	(670,095)
Payments to employees	(589,458)
	46,624
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from other funds	(475,257)
Transfers (out)	(30,000)
	(505,257)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	614
	614
Net Cash Flows	(458,019)
Cash and investments at beginning of period	728,896
Cash and investments at end of period	\$270,877
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating income	\$100,395
Change in assets and liabilities:	
Receivables, net	(132,072)
Prepaid items	1,835
Accounts payable and other accrued expenses	17,954
Accrued compensated absences	7,552
Refundable deposits	3,840
Unearned revenue	47,120
	46,624
Cash Flows from (used for) Operating Activities	\$46,624

See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2016

FUND FINANCIAL STATEMENTS
FIDUCIARY FUNDS

FIDUCIARY FUNDS (not included in government-wide statements)

Private Purpose Trust Funds

Private Purpose Trust Funds account for resources held by the City as trustee for third party beneficiaries. The City's only trust fund relates to its role as the Successor Agency for the former Redevelopment Agency.

Agency Funds

Agency Fund is a clearing type fund for the collection of taxes or deposits held, on behalf of individuals, private organizations and other governments. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

CITY OF LAFAYETTE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$1,226,449
Restricted cash and investments held by fiscal agents (Note 3)	\$1,407,743	
Receivables:		
Accounts		138,424
Interest		504
Due from members		917
Other assets		500
	\$1,407,743	\$1,366,794
Total Assets		
LIABILITIES		
Accounts payable		\$498,047
Interest payable	\$692,259	
Unearned revenue		192,344
Due to members		676,403
Loan payable to the City	6,097,447	
Loan payable to the Housing Successor Agency	1,115,757	
Loan payable to the Parking Fund	766,348	
Long-term debt - due in less than one year	500,000	
Long-term debt - due in more than one year	37,037,306	
	46,209,117	\$1,366,794
Total Liabilities		
NET POSITION		
Held in trust for private purposes	(44,801,374)	
Total Net Position	(\$44,801,374)	

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	\$3,630,112
Investment income	351
Miscellaneous	<u>28,842</u>
Total Additions	<u>3,659,305</u>
DEDUCTIONS	
Contractual services	73,673
Interest expense and fiscal charges	<u>2,567,257</u>
Total Deductions	<u>2,640,930</u>
CHANGE IN NET POSITION	1,018,375
NET POSITION, BEGINNING OF YEAR	<u>(45,819,749)</u>
NET POSITION, END OF YEAR	<u><u>(\$44,801,374)</u></u>

See accompanying notes to financial statements

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CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Incorporated in 1968, Lafayette is located in Contra Costa County, one of the nine counties of the San Francisco Bay Area. Located on 15 square miles, Lafayette is noted for its high quality of life with top rated schools, low crime rate, small town downtown, clean air, mild climate and oak tree-studded hills. Located between Berkeley and Walnut Creek, Lafayette has its own Bay Area Rapid Transit station (BART) and is only a 25 minute BART ride from San Francisco.

The City's current population is estimated to be 24,924. The City is primarily a residential community with commercial and light industrial enterprises as well as local governmental offices.

A. Reporting Entity

The Basic Financial Statements of the City includes only the financial activities of the City, which has no component units.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include the financial activities of the overall City government, except for fiduciary activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category — *governmental* and *fiduciary* — are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

The City's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called other governmental funds, are combined and reported in a single column, regardless of their fund-type.

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

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

GENERAL FUND

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

PUBLIC FACILITIES CAPITAL PROJECTS FUND

Tracks costs associated with the purchase and repair of public buildings and construction of landscaping projects.

STREETS AND SIGNALS CAPITAL PROJECTS FUND

Tracks grants/funding contributions and costs associated with capital improvement projects: roads, drains, walkways, etc.

CAPITAL PROJECTS FUND

This fund accounts for the collection of resources and related expenditures on the acquisition and construction of major capital improvements in the City.

DEBT SERVICE FUND

This fund accounts for the accumulation of financial resources for the payment of interest and principal on the long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest.

The City has one enterprise fund, the Recreation Programs Fund which is a major fund. It is used to account for the operations of the City's recreation programs.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds – Fiduciary Funds account for assets held by the City as an agent for various functions. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund accounts for the accumulation of resources to be used for payments at appropriate amounts and times in the future. Agency Funds account for assets held by the City in a purely custodial capacity. Agency Funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organization or other governments. The City's Agency Funds account for assets held by the City as an agent for the Lamorinda Fee and Financing Authority and the Lamorinda School Bus Transportation Agency. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements

D. Basis of Accounting

The government-wide fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

Those revenues susceptible to accrual are property taxes, sales taxes, real property transfer taxes, interest revenue and charges for services. Licenses, use of property and permit revenues are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Certain indirect costs are included in program expenses reported for individual functions and activities.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government’s business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

E. Capital Assets

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost 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.

City policy has set the capitalization thresholds for reporting capital assets at the following:

- All buildings (no threshold)
- \$5,000 for all other capital assets

Prior to July 1, 2001, governmental funds’ infrastructure assets were not capitalized. These assets (back to July 1, 1968) 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
Land improvements	20
Building and improvements	50
Infrastructure	15 – 65
Equipment and furniture	3 – 15
Book collection	20

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. Capital assets used in proprietary fund (business-type) operations are accounted for the same as in the government-wide statements.

F. Property Taxes

State of California (“State”) Constitution Article XIII provides for a maximum general property tax rate statewide of \$1 per \$100 of assessed value. Assessed value is calculated at 100% of market value at sale date plus a maximum annual increase of 2%, unless the value is written down by the county assessor after which it can go back to the value at sale date plus 2% compounded to current. The State Legislature has determined the method of distribution of receipts from the \$1 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, since Lafayette was incorporated in 1968 as a no-property-tax city, through fiscal year June 30, 1988, Lafayette received property tax distributions only for those geographical areas incorporated into the city limits after 1978, when Proposition XIII became law with its restrictions on funding. Thus, though Lafayette's property owners paid property taxes at the same rate as property owners in other cities, the City of Lafayette received no share, except from those areas of the City annexed after 1978.

Pursuant to the 1988 Trial Court Funding Bill and subsequent reallocations, the City has received a measure of relief from this funding deficiency. Beginning in 1989, Lafayette began receiving funds in lieu of property taxes and/or additional property tax allocations. The receipt of these funds was phased in gradually, and by 1997/1998 the City of Lafayette was receiving the equivalent of approximately 7% of the total property taxes that its property owners paid. This can be compared to the average 10.5% allocation received by cities in Contra Costa County. The amount received was further reduced by a partial shift to fund schools, and amounts sent to the Successor Agency of the former Redevelopment Agency (RDA). While the City of Lafayette is a no/low property tax city, it has not qualified for an additional property tax allocation since fiscal year 2000-01.

The County of Contra Costa uses the following calendar to assess properties, bill for, collect, and distribute property taxes.

	<u>Secured</u>	<u>Unsecured</u>
Valuation dates	March 1	March 1
Lien/levy dates	March 1	March 1
Due dates	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 April 10	August 31

G. *Compensated Absences*

Compensated absences are comprised of unused vacation leave and compensatory time off, which are accrued as earned. City employees who have 10 or more years of tenure also receive 25% compensation for sick leave. The liability for these compensated absences in the government-wide statements has been estimated by management to be 20% current and 80% non-current liabilities. The portion expected to be permanently liquidated is recorded in the governmental funds and are recorded as fund liabilities. The long-term portion is recorded in the statement of net position and is liquidated primarily by the General Fund.

The activities of the compensated absences for the year ended June 30, 2016 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance as of June 30, 2015	\$619,662	\$33,732	\$653,394
Additions	319,704	24,362	344,066
Payments	(268,520)	(16,810)	(285,330)
Ending Balance	<u>\$670,846</u>	<u>\$41,284</u>	<u>\$712,130</u>
Current Portion	<u>\$134,169</u>	<u>\$8,257</u>	<u>\$142,426</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

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

I. Cash and Investments

The City maintains a cash and investments pool that is available for use by all funds. Each fund's portion of this pool is displayed on the Balance Sheets for the governmental funds and Statement of Fiduciary Net Position for the Proprietary Fund and Agency Funds as cash and investments. Investments are stated at fair value. Fair value is estimated based on quoted market prices at year end.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

K. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time.

The City does not have any items that qualify for reporting in this category this fiscal year.

L. Fair Value Hierarchy

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

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

M. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2016.

GASB Statement No. 72 – Fair Value Measurement and Application. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

GASB Statement No. 76 -- The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55. This Statement did not have a material impact on the financial statements for the fiscal year 2016.

GASB Statement No. 79-- Certain External Investment Pools and Pool Participants. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement did not have a material impact on the financial statements for the fiscal year 2016.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City's fiscal year runs from July 1 through June 30. Each year, the Administrative Services Director prepares two budgets -- the Proposed Budget, which is adopted in June, and the Final Budget, which is adopted in December. The budget process is as follows:

- In January, the City Council meets to set the goals and priorities for the upcoming fiscal year.
- In February and March, the department heads prepare their preliminary budgets and incorporate requests from commissions and committees.
- In mid-March, each department head meets with the City Manager, Administrative Services Director and Finance Manager to review the budget requests.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

- In mid-April, the Administrative Services Director presents the Proposed Budget to the Finance Committee.
- At the end of May, the Proposed Budget is introduced at a regular City Council meeting.
- The City Council holds a special budget workshop meeting, usually the first week in June. At this meeting, the public is invited to comment on the budget and the Council makes a number of important policy decisions regarding the budget.
- The budget, and any changes made to it during the budget workshop, are adopted by resolution at the next regularly scheduled City Council meeting.
- After the audit for the prior fiscal year has been completed, usually in late September, the Administrative Services Director begins work on the Final Budget. The Final Budget incorporates actual expenses and revenues from the prior fiscal year, as well as any changes made by the City Council to the Proposed Budget. If other programs or expenditures are anticipated, these items are incorporated into the Final Budget as well.
- The City Council reviews the Final Budget at a regularly scheduled meeting in December, and adopts the Final Budget by resolution.
- Budgeted amounts are as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at the departmental level for the General Fund, department level for the Special Revenue Funds and project level for the Capital Projects Funds.

B. Expenditures in Excess of Appropriations

The funds below incurred expenditures in excess of appropriations in the amounts below. These Special Revenue Funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriation
Parking Programs	
Parking Services	\$17

NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds except cash held with fiscal agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

<i>Statement of Net Position</i>	<u>Amount</u>
Cash and investments	\$14,162,797
Restricted cash and investments held by fiscal agents	<u>11,327,646</u>
Total cash and investments in primary government	<u>25,490,443</u>
 <i>Statements of Fiduciary Net Position</i>	
Restricted Cash and investments held by fiscal agents:	
Private Purpose Trust Funds	1,407,743
Cash and investments:	
Agency Funds	<u>1,226,449</u>
Total Cash and investments	<u><u>\$28,124,635</u></u>

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum % of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	N/A	100%	100%
California Local Agency Obligations	5 years	Aa2	100%	100%
U.S. Agency Securities	5 years	N/A	100%	100%
Bankers Acceptances	180 days	P1	20%	30%
Commercial Paper	270 days	P1	25%	10%
Negotiable Certificates of Deposit	5 years	Aa2	30%	100%
Medium-Term Corporate Notes	5 years	Aa2	10%	100%
		Top rating		
Money Market Mutual Funds	N/A	category	15%	10%
Collateralized Bank Deposits	5 years	N/A	100%	100%
Time Deposits	5 years	N/A	100%	100%
Joint Powers Authority	N/A	N/A	100%	100%
California Local Agency Investment Fund	N/A	N/A	100%	100%

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. These bond indentures did not disclose limitations for maximum percentage of portfolio and investment in one issuer. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	N/A	N/A
U.S. Agency Securities (A)	N/A	N/A
Bankers Acceptances	1 year	P1
Commercial Paper	270 days	P1
Short-Term Certificates of Deposit	1 year	P1
Repurchase Agreements	N/A	A2
Money Market Mutual Funds	N/A	AAAm
Unsecured CD's, deposit accounts, time deposits, bankers acceptances	1 year	A1
Prefunded Municipal Obligations	N/A	Aaa
FDIC insured deposit	N/A	N/A
Investment Agreements	N/A	Aa2

(A) Securities issued by agencies of the federal governments such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), Export-Import Bank, Farm Credit System Financial Assistance Corporation, Farmers Home Administration, General Services Administration, United States Maritime Administration, Small Business Administration, Government National Mortgage Association (GNMA), United States Department of Housing & Urban Development (PHA's), the Federal Home Loan Mortgage Corporation (FHLMC) and Federal Housing Administration debentures.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held with fiscal agents) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Joint Investment Pools:				
Local Agency Investment Fund	\$9,752,724			\$9,752,724
CalTrust	2,556,894			2,556,894
Money Market Mutual Funds	1,338,547			1,338,547
Corporate Notes	501,213	\$792,635		1,293,848
Certificates of Deposit	2,756,568		\$6,140,126	8,896,694
Total Investments	<u>\$16,905,946</u>	<u>\$792,635</u>	<u>\$6,140,126</u>	23,838,707
Cash in banks and on hand				<u>4,285,928</u>
Total Cash and Investments				<u>\$28,124,635</u>

F. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual Moody's rating as of year end for each investment type:

Investment	A1	Aa3	Total
Corporate Notes	<u>\$792,635</u>	<u>\$501,213</u>	<u>\$1,293,848</u>
Totals	<u>\$792,635</u>	<u>\$501,213</u>	<u>1,293,848</u>
Not Rated:			
Joint Investment Pools:			
Local Agency Investment Fund			9,752,724
CalTrust			2,556,894
Certificates of Deposit			8,896,694
Money Market Mutual Funds			1,338,547
Exempt from rating requirement:			
Cash in banks and on hand			<u>4,285,928</u>
Total Cash and Investments			<u>\$28,124,635</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer other than U.S. Treasury Securities, mutual funds and external investment pools.

City did not have any investments that require disclosure as none meet the 5% level as of June 30, 2016.

H. Investment Pools

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2016, these investments have an average maturity of 167 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the "Trust"). The Trust is a joint powers authority, and public agency, created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2016, the fair value was approximate to the City's cost. At June 30, these investments have an average maturity of 47 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

The City is a voluntary participant Investment Trust of California (CalTrust). Organized as a Joint Powers Authority (“JPA”), CalTrust is a program established by public agencies in California for the purpose of pooling and investing local agency funds – operating reserves as well as bond proceeds. A Board of Trustees supervises and administers the investment program of the Trust. Any California local agency may participate in the Trust and invest its funds, and in the case of counties, the funds of other local agencies that have invested with the County Treasurer’s Office. CalTrust offers the option of four accounts to provide participating agencies – a money market, a short-term, a medium-term, and soon-to-be opened long-term account. For the Short-Term, Medium-Term, and Long-Term Accounts, funds from all participants are pooled in each of the accounts. Participants receive units in the Trust and designated shares for the particular accounts in which they invest. CalTrust invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. seq. and 53635, et. seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust’s portfolios is prohibited. At June 30, 2016, the City had shares in the CalTrust Medium-Term Account, which held investments in an average maturity of 2.01 years.

I. Fair Value Hierarchy

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

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

Investment Type	Level 1	Level 2	Exempt	Total
California Local Agency Investment Fund		\$9,752,724		\$9,752,724
Certificates of Deposit		8,896,694		8,896,694
Corporate Notes	\$1,293,848			1,293,848
Money Market Funds			\$7,803	7,803
CalTrust		2,556,894		2,556,894
Held by Trustees:				
Money Market Mutual Fund			1,330,744	1,330,744
Total Investments	\$1,293,848	\$21,206,312	\$1,338,547	23,838,707
Cash in banks and on hand				4,285,928
Total Cash and investments				\$28,124,635

Corporate Notes classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Certificates of Deposit classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices. The California Local Agency Investment Fund and CalTrust classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 4 – INTERFUND ACTIVITIES

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfer between City funds during fiscal year 2015-16 were as follows:

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2016, interfund balances comprised the following:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Recreation Programs Enterprise Fund	\$25,000 (A)
Public Facilities Capital Projects Fund	General Fund	10,000 (A)
	Recreation Programs Enterprise Fund	5,000 (A)
Streets and Signals Capital Projects Fund	General Fund	1,661,524 (A)
	Non-Major Governmental Funds	834,110 (A)
Capital Projects Fund	General Fund	531,340 (A)
Non-Major Governmental Funds	General Fund	760,538 (A)
Total Interfund Transfers		<u>\$3,827,512</u>

(A) Transfer to cover operating expenditures that meet statutory and/or budgetary requirements of each respective fund.

B. Internal Balances

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

NOTE 5 – LOAN RECEIVABLE FROM SUCCESSOR AGENCY

A. General Fund and Parking Programs Fund

The Redevelopment Agency of the City of Lafayette was formed in 1974 and the Redevelopment Plan was adopted in 1994. In 1999 a cooperation agreement was entered into between the City and the Lafayette Redevelopment Agency that established the City's advancement of funds for implementation of the Redevelopment Plan. Funds could be used "for the preparation and implementation of the redevelopment plan including, but not limited to, the costs of acquisition of property within the project area, demolition and clearance of properties acquired, building and site preparation, constructing public improvements, and providing relocation assistance to displaced residential and nonresidential occupants as required by law". Upon the Redevelopment Agency's dissolution in fiscal year 2012, this loan amount stood at \$6,022,847 in principal and interest. Interest for this period was calculated at 8% per annum based on the loan agreement. Effective fiscal year 2014, the methodology for interest on this loan was changed to accrue at the average annual Local Agency Investment Fund rate and was applied retroactively to fiscal year 2013. In the dissolution process, this loan was determined to be an enforceable obligation. As of June 30, 2016, the total principal and accrued interest on this loan is \$6,097,447.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5 – LOAN RECEIVABLE FROM SUCCESSOR AGENCY (Continued)

In 2003, the City of Lafayette and the Redevelopment Agency of the City of Lafayette entered into a loan agreement, which would make available monies from the City's Parking Programs Fund for the acquisition and development of property for library parking and the benefit of the Project Area. The amount of the loan was \$685,000. Payments were made according to schedule for fiscal years 2003 through 2010 after which time the outstanding principal amount was \$540,500. Since then, interest has continued to accrue based on the missed payments. At June 30, 2016, the amount of interest outstanding was \$225,848 bringing the total balance to \$766,348. This loan is an enforceable obligation.

On September 10, 2015, SB107 was amended to clarify many aspects of the dissolution of redevelopment agencies. Among these was language that "provides that sponsoring entity loans may be repaid at 3% interest rate calculated from the date of origination of the loan as approved by the redevelopment agency on quarterly basis, instead of the LAIF rate." Because of this change, the above loan balance will be recalculated in fiscal year 2016-17 upon the approval by the Oversight Board of the Successor Agency to the Redevelopment Agency.

B. Low and Moderate Income Housing Fund

The State of California's 2009 budget legislation included the taking of redevelopment funds in fiscal years 2010 and 2011 for the purpose of meeting its funding obligation to the Supplemental Education Revenue Augmentation Fund (SERAF). On February 22, 2010 the Redevelopment Agency Board of Directors authorized a loan from the Agency's Low and Moderate Income Housing Fund to the Agency's Operating Fund of \$1,115,757 in order to make the first of these payments. Faced with the dissolution of the Redevelopment Agency, on January 23, 2012, Council unanimously voted that the City assume the Redevelopment Agency's housing obligations. As a non-cash asset of the Redevelopment Agency's Low and Moderate Income Housing Fund, the loan was transferred to the City's Low and Moderate Income Housing Fund. No expected payment schedule exists and no interest accrues on this loan, which has been deemed an enforceable obligation.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 6 – CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported capital assets including infrastructure in the Government-wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructures reporting, whereby depreciation expense and accumulated depreciation has been recorded. The following table presents the capital assets activity for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Retirements	Transfers	Adjustments	Balance June 30, 2016
Governmental Activities						
Capital assets not being depreciated:						
Land	\$14,230,959					\$14,230,959
Artwork (library)	434,149					434,149
Construction in progress	2,342,082	\$3,737,470		(\$5,655,972)		423,580
Total capital assets, not being depreciated	17,007,190	3,737,470		(5,655,972)		15,088,688
Depreciable capital assets:						
Improvements	5,409,607		(\$340,745)			5,068,862
Buildings	41,866,421	139,290		2,441,459	(\$3,725,762)	40,721,408
Infrastructure	118,148,590	238,705		3,214,513	(768,871)	120,832,937
Equipment	1,454,614	60,455	(23,233)		220,253	1,712,089
Vehicles	1,421,839	223,641	(102,522)		(248,575)	1,294,383
Book collection (Library)	1,091,940					1,091,940
Total capital assets, being depreciated	169,393,011	662,091	(466,500)	5,655,972	(4,522,955)	170,721,619
Accumulated depreciation:						
Improvements	(2,658,664)	(260,430)	107,951			(2,811,143)
Buildings	(4,302,634)	(876,671)			3,725,762	(1,453,543)
Infrastructure	(71,267,387)	(3,704,908)			768,871	(74,203,424)
Equipment	(735,304)	(144,469)	23,233		3,447	(853,093)
Vehicles	(856,783)	(210,389)	87,522		24,875	(954,775)
Book collection (Library)	(218,388)	(54,597)				(272,985)
Total accumulated depreciation	(80,039,160)	(5,251,464)	218,706		4,522,955	(80,548,963)
Depreciable capital assets, net	89,353,851	(4,589,373)	(247,794)	5,655,972		90,172,656
Governmental capital assets, net	\$106,361,041	(\$851,903)	(\$247,794)			\$105,261,344

A. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

Governmental Activities:	
City council, Commissions and Community Support	\$9,979
Engineering	5,005,695
Police Services	216,885
Public Works	18,905
Total Governmental Activities	<u>\$5,251,464</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES

The City generally incurs long-term debt to finance projects, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions are related to governmental-type activities are discussed below.

A. Current Year Transactions and Balances

Governmental Activity Debt:	Original Issue Amount	Balance June 30, 2015	Retirements	Balance June 30, 2016	Amount due within one year
2002 General Obligation Bonds 3.50-5.125%, due 7/15/16	\$4,320,000	\$300,000	\$145,000	\$155,000	\$155,000
2004 General Obligation Bonds 2.00-5.00%, due 7/15/25	6,035,000	3,485,000	325,000	3,160,000	330,000
2011 General Obligation Refunding Bonds 2.85%, due 7/15/25	2,960,000	2,825,000	20,000	2,805,000	25,000
		<u>\$6,610,000</u>	<u>\$490,000</u>	<u>\$6,120,000</u>	<u>\$510,000</u>

B. 2002 General Obligations Bond

On February 27, 2002, the City issued the General Obligation Election of 1995, Series 2002 Bonds (GOs) in the amount of \$4,320,000 to finance the costs of repair and reconstruction of the City's roads and drains.

The Bonds were authorized at an election held on March 7, 1995 at which more than two-thirds of the voters approved. Interest payments on the GOs are due semi-annually on January 15 and July 15, and annual principal payments are due on July 15. Interest and principal payments are payable from ad valorem property taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is \$155,000 and \$3,875, respectively.

C. 2004 General Obligation Bonds

On April 15, 2004, the City issued the General Obligation Election of 1995, Series 2004 Bonds (GOs) in the amount of \$6,035,000 to finance the costs of repair and reconstruction of the City's roads and drains, to refund a portion of the General Obligation Election of 1995, Series 1995 Bonds and pay cost of issuance.

Interest payments on the GOs are due semi-annually on January 15 and July 15, and annual principal payments are due on July 15. Interest and principal payments are payable from ad valorem property taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is \$3,160,000 and \$634,711, respectively.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7 – LONG TERM LIABILITIES (Continued)

D. 2011 General Obligation Refunding Bonds

On December 9, 2011, the City issued the 2011 General Obligation Refunding Bonds (GOs) in the amount of \$2,960,000 to refund a portion of the General Obligation Bonds, Election of 1995, Series 2002 and the cost of issuance. Interest payments on the GOs are due semi-annually on January 15 and July 15, and annual principal payments are due on July 15. Interest and principal payments are payable from ad valorem property taxes levied by the City and collected by the County. The total principal and interest remaining to be paid on the bonds is \$2,805,000 and \$529,175, respectively.

E. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt with specified repayment terms:

For The Year Ending June 30	General Obligation Bonds	
	Principal	Interest
2017	\$510,000	\$217,344
2018	535,000	196,564
2019	555,000	176,234
2020	575,000	154,802
2021	595,000	132,234
2022-2026	3,350,000	290,583
Total payments due	<u>\$6,120,000</u>	<u>\$1,167,761</u>

NOTE 8 – PENSION PLAN

A. Employee Retirement Plans

Employee Retirement Contribution Plan

As of July 1, 2004 employees of the City must participate in the retirement plan as follows:

Salary-Based Contribution System

The City makes monthly contributions to a 401a retirement plan for each regular employee and part time regular employees working a minimum of 20 hours per week. The contribution on behalf of each participant equal 10% of base earnings up to the maximum allowable by law. In addition, each participant may contribute up to 5% of earnings to the Plan and the City has elected to match such contribution by the same percentage.

Employees are fully vested in the City's contributions (and interest allocated to the employee's account) after five years of continuous service by the employee, with the exception of those employees over 50 years old who are fully vested from the first month of employment.

The Employer will have the right at any time to terminate the Plan by resolution of its governing board.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 8 – PENSION PLAN (Continued)

The City's total payroll in fiscal year 2016 was approximately \$3,920,299. Contributions to the Plan totaled \$566,750 by the City and \$186,380 by individuals during the year.

The following summarizes transactions in the Plan for the year ended June 30, 2016:

Balance as of June 30, 2015	\$9,825,488
Contributions:	
Employer	566,750
Employee	186,380
Other additions, net	32,317
Disbursements, net	(568,740)
Earnings and dividends	75,134
Appreciation, net	136,335
Balance as of June 30, 2016	<u>\$10,253,664</u>

Deferred Compensation Plan

All employees of the City are eligible to participate in a City sponsored deferred compensation plan ("the 457 plan"). The 457 plan provides for the deferral of a portion of the employees' compensation until retirement, termination, or certain other covered events. The assets of the 457 plan are held in trust for the exclusive benefit of plan participants.

Deferred contribution by a participant in any taxable year will not exceed the lesser of (1) the applicable dollar amount provided under Section 457(b)(2) of the Code (adjusted for cost of living under Section 457(e)(15) of the Code) or (2) 100% of the Participant's Includible Compensation. A Participant who has attained age 50 before the close of the calendar year may elect Age 50 Plus Catch-up Contributions and commence making such contributions to his Participant Deferral Account.

The Employer will have the right at any time to terminate the Plan by resolution of its governing board.

Contributions to the Plan totaled \$144,632 by the City and \$217,686 by individuals during the year.

The following summarizes transactions in the 457 plan for the year ended June 30, 2016:

Defined contribution retirement plan:	
Balance as of June 30, 2015	\$7,642,616
Contributions	362,318
Disbursements	(342,798)
Earnings	60,195
Appreciation	108,501
Balance as of June 30, 2016	<u>\$7,830,832</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City's defined benefit post employment healthcare plan ("the OPEB plan"), provides medical benefits to eligible retired City employees.

Funding Policy

The City is required to contribute the *annual required contribution (ARC)* of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Amounts funded in excess or under the ARC are recorded on the books as an OPEB asset or liability/obligation, respectively. On April 7, 2010, the City opened an irrevocable trust account under the California Employers' Retiree Benefit Trust Fund (CERBT) managed by CalPERS.

Annual OPEB Cost

The following table shows the components of the City's annual OPEB costs for 2015, the amount actually contributed to the OPEB plan, and changes in the City's net OPEB asset:

Annual required contribution (ARC)	\$23,925
Interest on Net OPEB Obligation (Asset)	0
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost	23,925
Contributions made:	
Benefit payments	<u>(23,925)</u>
Total contributions	<u>(23,925)</u>
Net (increase) decrease in Net OPEB Asset	0
Net OPEB Obligation (Asset) at July 1, 2015	<u>(4,899)</u>
Net OPEB Obligation (Asset) at June 30, 2016	<u><u>(\$4,899)</u></u>
Percentage of ARC contributed	<u><u>100%</u></u>

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2016, 2015, and 2014 are set forth below:

Fiscal Year Ended	Beginning Net OPEB Asset	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Liability (Assets)
6/30/2014	(\$3,042)	\$21,703	\$27,760	128%	(\$9,099)
6/30/2015	(9,099)	21,703	17,503	81%	(4,899)
6/30/2016	(4,899)	23,925	23,925	100%	(4,899)

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 104% funded. The Actuarial Accrued Liability (AAL) for benefits was \$193,279 and the Actuarial Value of Plan Assets were \$201,116 resulting in an Unfunded Actuarial Accrued Asset (UAAA) of \$7,837. The covered payroll (annual payroll of active employees covered by the plan) was \$3,862,986 and the ratio of UAAA to the covered payroll was 0.20 percent.

Actuarial valuations for OPEB plans involves estimates of the value of the reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

A separate audited GAAP basis for this post-employment benefit plan report is not available.

Actuarial Methods and Assumptions

Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation as well as the historical pattern of sharing benefit costs between the employer and plan members. The actuarial calculations of the OPEB plan reflect a long-term perspective. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age - Normal
Amortization method	Level Percentage of payroll, open
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Investment return	7.00%
Projected salary increases	2.75% annually
Cost of living adjustments	2.75% annually
Healthcare cost trend rate	4.0% annually

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10 – NET POSITION AND FUND BALANCES

Net Position is measured on the full accrual basis, while Fund Balance is measured on the modified accrual basis.

A. Net Position

Net Position is the excess of all the City’s assets and deferred outflow over all its liabilities and deferred inflow, regardless of fund. Net Position is divided into three captions. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets. At June 30, 2016 the breakout of this calculation is reflected as follows:

Total Capital Assets at June 30, 2016:		\$105,261,344
Less: Related Debts at June 30, 2016		
Long-term debt	\$6,120,000	
Less: Portion of the Debt Attributable to the Unspent Proceeds	0	
Net Related Debt		(6,120,000)
Net Investment in Capital Assets		\$99,141,344

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include capital projects, debt service requirements, and special revenue programs restricted to special revenue purposes such as transportation grants and revenues, stormwater and COPs grants.

Unrestricted describes the portion of Net position which is not restricted to use.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

As of June 30, 2016 the breakout of restricted and unrestricted net position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$13,891,920	\$270,877	\$14,162,797
Restricted cash and investments held by fiscal agents	11,327,646		11,327,646
Accounts and interest receivable	2,780,328	132,468	2,912,796
Loans receivable from Successor Agency	7,979,552		7,979,552
Other assets	490,745	489,953	980,698
Total Assets	36,470,191	893,298	37,363,489
Liabilities			
Accounts payable and accrued liabilities	1,090,528	21,476	1,112,004
Refundable deposits	904,919	21,606	926,525
Due to other funds	888,037		888,037
Other liabilities	878,289	417,528	1,295,817
Total Liabilities	3,761,773	460,610	4,222,383
Net Position			
Restricted	7,932,301		7,932,301
Unrestricted	24,796,206	432,688	25,228,894
	\$32,728,507	\$432,688	\$33,161,195

B. Fund Balance

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

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

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

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances are established, modified and rescinded by resolution of the City Council.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City Manager is authorized to assign amounts to a specific purpose in accordance with the Municipal Code, Chapter 3.04 – Purchasing System approved by the City Council under Ordinance No. 231. This category includes encumbrances.

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2016, are below:

Classifications	General Fund	Public Facilities Fund	Streets and Signals	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepaid Items	\$56,563				\$1,000		\$57,563
Loans Receivable from Successor Agency	6,097,447						6,097,447
Total Nonspendable	6,154,010				1,000		6,155,010
Restricted:							
CalRecycle Grant	12,518						12,518
PEG Access	23,847						23,847
In Lieu Tree Program	107,066						107,066
Drainage Impact Fees			\$137,466				137,466
Traffic Impact fees			997,946				997,946
Parking						\$1,937,873	1,937,873
Public Safety						89,870	89,870
Senior Transportation						184,005	184,005
Low and Moderate Housing						1,500,731	1,500,731
Streets and roads						2,161,645	2,161,645
Assessment Districts						526,822	526,822
Debt Service					1,530,355		1,530,355
Total Restricted	143,431		1,135,412		1,530,355	6,400,946	9,210,144
Committed:							
Reserve Emergency Contingency	400,000						400,000
Youth Committee	15,059						15,059
Environmental Task Force	9,700						9,700
Bikeways Plan Update	14,000						14,000
Stormwater Pollution	180,000						180,000
BART Pathway Project	273,456						273,456
Public Art	104,000						104,000
Facility Maintenance	300,000	\$197,312					497,312
Vacation/Sick Liability	670,846						670,846
Senior Services Program	23,534						23,534
Traffic Calming	101,101						101,101
EMBUD Pathway	25,000		40,000				65,000
Public Works Vehicle Replacement	60,000						60,000
Planning/Engineering Vehicle Replacement	49,000						49,000
Police Vehicle Replacement/Transition	278,304						278,304
Computer Replacements	60,000						60,000
OPEB Reserve (GASB 45)	18,600						18,600
Other Capital Projects	215,000		479,740	\$4,853,225			5,547,965
Total Committed	2,797,600	197,312	519,740	4,853,225			8,367,877
Unassigned:							
General Fund	9,766,041						9,766,041
Total Unassigned	9,766,041						9,766,041
Total Fund Balances	\$18,861,082	\$197,312	\$1,655,152	\$4,853,225	\$1,531,355	\$6,400,946	\$33,499,072

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 11 – RISK MANAGEMENT

The City is a member of the Municipal Pooling Authority (MPA) based in Walnut Creek, California. The MPA provides coverage against the following types of loss risks under the terms of a joint-powers agreement with the City and several other cities and governmental agencies as follows:

	Participating Cities Total Coverage	Deductible
All risk fire and property	\$1,000,000,000	\$25,000
Boiler and machinery	100,000,000	5,000
Liability	29,000,000	5,000
Auto-physical damage	250,000	3,000 (Police), 2,000 (other vehicles)
Workers' compensation	Statutory Limit	0
Cyber liability	2,000,000	50,000
Pollution liability	1,000,000	100,000
Crime	1,000,000	10,000

The MPA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of the MPA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with the MPA are in accordance with formulas established by the MPA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Audited financial statements for the Authority are available from MPA, 1911 San Miguel Drive, Suite 200, Walnut Creek, CA 94596.

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 by any significant amount.

The City did not record a liability for outstanding claims at fiscal year-end, as management believes that the claims were minimal.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2016

**NOTE 12 – LAMORINDA FEE AND FINANCING AUTHORITY AND LAMORINDA SCHOOL
BUS TRANSPORTATION JOINT POWERS AUTHORITY’S**

The Lamorinda Fee and Financing Authority (LFFA) was created when the City of Lafayette entered into a Joint Powers Agreement (JPA) with the cities of Moraga and Orinda to administer an adopted sub-regional transportation and traffic impact fee for the Lamorinda region under the authority of a Contra Costa County half cent sales tax measure adopted in 1988. Fees collected by the LFFA from new development are used to mitigate effects from increased traffic in the region. Complete financial statements of the LFFA are available at the City of Lafayette, 3675 Mt. Diablo Blvd., #210 Lafayette, CA 94549.

In 1994 the municipalities and school districts in the Lamorinda regions collaborated together to establish a school bus program for the purpose of traffic mitigation. The majority of our funds come from Measure J, a half-cent sales tax in Contra Costa County distributed by the Contra Costa Transportation Authority. The school bus program is governed by a Joint Powers Authority (JPA) called the Lamorinda School Bus Transportation Agency (LSBTA).

Complete financial statements of LSBTA are available at 3675 Mt. Diablo Blvd., #255 Lafayette, CA 94549.

NOTE 13 – COMMITMENT AND CONTINGENT LIABILITIES

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

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

NOTE 14 – RELATED PARTY TRANSACTION

In 1996, the City provided an incentive to the City Manager to reside within the City limits by taking a \$100,000 ownership share in the City Manager’s principal residence. The City Manager’s employment agreement includes a provision that transfers 1.18% of the house’s value to the City Manager annually and the City Manager is responsible for applicable taxes and transaction costs for each equity transfer. As of June 30, 2016 the City had \$32,584 in remaining equity interest in the property with an approximate value of \$947,208.

CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2016

Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
7/1/2011	\$87,200	\$203,400	(\$116,200)	43%	\$4,057,500	-2.86%
7/1/2013	134,334	155,092	(20,758)	87%	3,531,447	-0.59%
7/1/2015	201,116	193,279	7,837	104%	3,862,986	0.20%

CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2016

GENERAL FUND

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

CITY OF LAFAYETTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property	\$4,134,800	\$4,124,792	\$4,441,434	\$316,642
Sales	3,181,213	3,181,213	3,193,914	12,701
Other	5,521,870	5,521,870	5,768,886	247,016
Current service charges	1,232,355	1,232,355	1,178,572	(53,783)
Intergovernmental			31,144	31,144
Licenses and permits			327,362	327,362
Fines and forfeitures	110,000	110,000	108,791	(1,209)
Use of money and property	155,300	155,300	250,034	94,734
Miscellaneous	889,809	959,556	943,514	(16,042)
Total Revenues	<u>15,225,347</u>	<u>15,285,086</u>	<u>16,243,651</u>	<u>958,565</u>
EXPENDITURES:				
Current:				
City council, commissions, and community support	1,282,300	1,377,474	1,339,477	37,997
Police services	4,810,735	4,880,039	4,602,565	277,474
Public works	1,987,977	2,015,691	1,849,403	166,288
Library operations	987,334	1,011,081	775,776	235,305
Planning and engineering	756,948	753,939	670,380	83,559
Engineering	331,488	390,689	373,979	16,710
Administration	2,266,683	2,495,350	2,327,342	168,008
Total Expenditures	<u>12,423,465</u>	<u>12,924,263</u>	<u>11,938,922</u>	<u>985,341</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,801,882</u>	<u>2,360,823</u>	<u>4,304,729</u>	<u>1,943,906</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	25,000	
Transfers (out)	(2,558,877)	(2,973,310)	(2,963,402)	9,908
Total other financing sources (uses)	<u>(2,533,877)</u>	<u>(2,948,310)</u>	<u>(2,938,402)</u>	<u>9,908</u>
NET CHANGE IN FUND BALANCE	<u>\$268,005</u>	<u>(\$587,487)</u>	1,366,327	<u>\$1,953,814</u>
Beginning fund balance			<u>17,494,755</u>	
Ending fund balance			<u>\$18,861,082</u>	

CITY OF LAFAYETTE
Supplemental Information
For the Year Ended June 30, 2016

PUBLIC FACILITIES FUND

Tracks costs associated with the purchase and repair of public buildings and construction of landscaping projects.

STREETS AND SIGNALS FUND

Tracks grants/funding contributions and costs associated with capital improvement projects: roads, drains, walkways, etc.

CAPITAL PROJECTS FUNDS

This fund accounts for the collection of resources and related expenditures on the acquisition and construction of major capital improvements in the City.

DEBT SERVICE FUND

This fund accounts for the accumulation of financial resources for the payment of interest and principal on the long-term debt of the City. Ad valorem taxes are used for the payment of principal and interest.

CITY OF LAFAYETTE
PUBLIC FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$200	\$200	\$363	\$163
Charges for services	108,000	108,000	75,000	(33,000)
Total Revenues	<u>108,200</u>	<u>108,200</u>	<u>75,363</u>	<u>(32,837)</u>
EXPENDITURES:				
Current:				
Public Works	6,650	6,650	5,908	742
Total Expenditures	<u>6,650</u>	<u>6,650</u>	<u>5,908</u>	<u>742</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>101,550</u>	<u>101,550</u>	<u>69,455</u>	<u>(32,095)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	15,000	
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	
NET CHANGE IN FUND BALANCE	<u>\$116,550</u>	<u>\$116,550</u>	84,455	<u>(32,095)</u>
Beginning fund balance			<u>112,857</u>	
Ending fund balance			<u>\$197,312</u>	

CITY OF LAFAYETTE
STREETS AND SIGNALS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$77,500	\$77,500	\$505,015	\$427,515
Intergovernmental	2,102,000	2,327,000	512,803	(1,814,197)
Use of money and property			2,478	2,478
Miscellaneous		<u>223,500</u>	<u>216,601</u>	<u>(6,899)</u>
Total Revenues	<u>2,179,500</u>	<u>2,628,000</u>	<u>1,236,897</u>	<u>(1,391,103)</u>
EXPENDITURES:				
Current:				
Administration	800,241	780,433	780,199	234
Capital outlay	<u>3,548,759</u>	<u>6,950,583</u>	<u>3,414,054</u>	<u>3,536,529</u>
Total Expenditures	<u>4,349,000</u>	<u>7,731,016</u>	<u>4,194,253</u>	<u>3,536,763</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,169,500)</u>	<u>(5,103,016)</u>	<u>(2,957,356)</u>	<u>2,145,660</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,247,000</u>	<u>3,429,865</u>	<u>2,495,634</u>	<u>(934,231)</u>
Total other financing sources (uses)	<u>2,247,000</u>	<u>3,429,865</u>	<u>2,495,634</u>	<u>(934,231)</u>
NET CHANGE IN FUND BALANCE	<u>\$77,500</u>	<u>(\$1,673,151)</u>	<u>(461,722)</u>	<u>\$1,211,429</u>
Beginning fund balance			<u>2,116,874</u>	
Ending fund balance			<u>\$1,655,152</u>	

CITY OF LAFAYETTE
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$772,182	\$772,182	\$564,924	(\$207,258)
Intergovernmental	197,251	197,251	48,250	(149,001)
Use of money and property	8,420	8,420	9,917	1,497
Miscellaneous	50,000	50,000		(50,000)
Total Revenues	<u>1,027,853</u>	<u>1,027,853</u>	<u>623,091</u>	<u>(404,762)</u>
EXPENDITURES:				
Current:				
Public works	64,865	64,865	63,836	1,029
Capital outlay	701,474	426,474	323,416	103,058
Total Expenditures	<u>766,339</u>	<u>491,339</u>	<u>387,252</u>	<u>104,087</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>261,514</u>	<u>536,514</u>	<u>235,839</u>	<u>(300,675)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	531,340	531,340	531,340	
Total other financing sources (uses)	<u>531,340</u>	<u>531,340</u>	<u>531,340</u>	
NET CHANGE IN FUND BALANCE	<u>\$792,854</u>	<u>\$1,067,854</u>	767,179	<u>(\$300,675)</u>
Beginning fund balance			<u>4,086,046</u>	
Ending fund balance			<u>\$4,853,225</u>	

CITY OF LAFAYETTE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$75,000	\$750,000	\$664,048	(\$85,952)
Use of money and property	<u>2,000</u>	<u>2,000</u>	<u>2,750</u>	<u>750</u>
Total Revenues	<u>77,000</u>	<u>752,000</u>	<u>666,798</u>	<u>(85,202)</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal retirement	490,000	490,000	490,000	
Interest and fiscal charges	<u>238,667</u>	<u>240,168</u>	<u>240,168</u>	
Total Expenditures	<u>728,667</u>	<u>730,168</u>	<u>730,168</u>	
EXCESS OF REVENUES OVER EXPENDITURES	<u>23,333</u>	<u>21,832</u>	<u>(63,370)</u>	<u>(85,202)</u>
NET CHANGE IN FUND BALANCE	<u>\$23,333</u>	<u>\$21,832</u>	(63,370)	<u>(\$85,202)</u>
Beginning fund balance			<u>1,594,725</u>	
Ending fund balance			<u>\$1,531,355</u>	

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CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2016

OTHER GOVERNMENTAL FUNDS

The City maintains the following Other Governmental Funds:

Special Revenue Funds

Parking Programs – This program is responsible for all aspects of City parking, including installation, enforcement and collection. This includes enforcement of city codes and ordinances in the downtown and neighborhoods, as well as, ensuring that conditions imposed on new construction are maintained.

Vehicle Abatement – This fund tracks the receipt of abandoned vehicle fees and the expenditures necessary for the removal and disposal of abandoned vehicles.

Senior Transportation – This program provides transportation options for senior and the disabled in Lafayette, Moraga and Orinda. Funding is provided through grants, contributions and rider fees.

Low and Moderate Income Housing - Tracks resources allocated to low and moderate income housing in Lafayette. This fund was formed in February 2012 when the City elected to be the housing successor agency on the tails of the dissolution of redevelopment agencies.

Gas Tax - Records and tracks gas tax monies received from the State of California under Street and Highways Code Sections 2105, 2106, 2107, 2107.5, and 7360. Revenue allocations are based on population. Eligible expenditure include the construction and maintenance of streets.

Measure J Return to Source – This fund accounts for the City’s share of the proceeds of a one-half cent sales tax increase approved by Contra Costa County voters in 2004. Funds can be used for transportation purposes, including transportation planning and street construction and maintenance.

Supplemental Law Enforcement – This program provides supplemental law enforcement services to the City through funding provided by AB 3229. The City is required to use the revenue to provide front line municipal police services. Funding must be considered separate and apart from the general fund budget process.

Special Assessment Districts:

Street Lighting - This program provides funds through a maintenance district assessment process to maintain 82 street lights in eleven zones. The budget expense for street lights is not distributed by zone, since the assessments are not based on this budget, but rather on the rates charged by PG&E. Property assessments are collected and distributed to the City by the County.

Core Area Maintenance – The Core Area Maintenance District was formed to provide landscaping, street lighting, and general maintenance improvements in the downtown. An assessment based on a benefit formula is levied against each parcel within the District for the maintenance provided.

Stormwater Pollution – This fund accounts for revenues and expenditures associated with the annual assessment for the National Pollutant Discharge Elimination System created countywide in response to the 1972 Clean Water Act.

CITY OF LAFAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Parking Programs	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing
ASSETS				
Cash and investments	\$1,263,795		\$153,625	
Restricted cash and investments		\$35,088		\$384,974
Accounts receivable	10,152		31,103	
Interest receivable	281	12		
Loans receivable from Successor Agency	766,348			1,115,757
Total Assets	\$2,040,576	\$35,100	\$184,728	\$1,500,731
LIABILITIES				
Accounts payable and accrued liabilities	\$91,993		\$723	
Unearned revenue	10,710			
Total Liabilities	102,703		723	
FUND BALANCES				
Restricted	1,937,873	\$35,100	184,005	\$1,500,731
Total Fund Balances (Deficits)	1,937,873	35,100	184,005	1,500,731
Total Liabilities and Fund Balances	\$2,040,576	\$35,100	\$184,728	\$1,500,731

SPECIAL REVENUE FUNDS

Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
			Street Lighting	Core Area Maintenance	Stormwater Pollution	
						\$1,417,420
\$1,259,689	\$415,364	\$54,770	\$156,081	\$97,895	\$314,457	2,718,318
	485,807					527,062
785			75	274	136	1,563
						1,882,105
<u>\$1,260,474</u>	<u>\$901,171</u>	<u>\$54,770</u>	<u>\$156,156</u>	<u>\$98,169</u>	<u>\$314,593</u>	<u>\$6,546,468</u>
				\$36,113	\$5,983	\$134,812
						10,710
				36,113	5,983	145,522
<u>\$1,260,474</u>	<u>\$901,171</u>	<u>\$54,770</u>	<u>\$156,156</u>	<u>62,056</u>	<u>308,610</u>	<u>6,400,946</u>
<u>1,260,474</u>	<u>901,171</u>	<u>54,770</u>	<u>156,156</u>	<u>62,056</u>	<u>308,610</u>	<u>6,400,946</u>
<u>\$1,260,474</u>	<u>\$901,171</u>	<u>\$54,770</u>	<u>\$156,156</u>	<u>\$98,169</u>	<u>\$314,593</u>	<u>\$6,546,468</u>

CITY OF LAFAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Parking Programs	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing
REVENUES				
Property taxes				
Other taxes				
Charges for services	\$237,867		\$33,163	
Intergovernmental			54,810	
Licenses and permits	24,458			
Fines, forfeitures and penalties	134,404	\$8,526		
Use of money and property	32,189	31		
Miscellaneous	33,015		111,115	\$384,974
	461,933	8,557	199,088	384,974
EXPENDITURES				
Current:				
Police services		7,169		
Parking services	484,161			
Public works				
Senior transportation			124,244	
Engineering				
	484,161	7,169	124,244	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(22,228)	1,388	74,844	384,974
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000		60,000	
Transfers (out)				
	50,000		60,000	
NET CHANGE IN FUND BALANCES				
	27,772	1,388	134,844	384,974
BEGINNING FUND BALANCES				
	1,910,101	33,712	49,161	1,115,757
ENDING FUND BALANCES				
	\$1,937,873	\$35,100	\$184,005	\$1,500,731

SPECIAL REVENUE FUNDS

Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
			Street Lighting	Core Area Maintenance	Stormwater Pollution	
			\$20,703	\$222,560	\$373,930	\$617,193
\$553,383	\$609,103					1,162,486
		\$114,618				271,030
						169,428
						24,458
2,094			202	733	366	142,930
				171		35,615
						529,275
<u>555,477</u>	<u>609,103</u>	<u>114,618</u>	<u>20,905</u>	<u>223,464</u>	<u>374,296</u>	<u>2,952,415</u>
		500,538				507,707
			13,471	397,832	546,432	484,161
	65,286					957,735
						124,244
	<u>65,286</u>	<u>500,538</u>	<u>13,471</u>	<u>397,832</u>	<u>546,432</u>	<u>65,286</u>
						2,139,133
<u>555,477</u>	<u>543,817</u>	<u>(385,920)</u>	<u>7,434</u>	<u>(174,368)</u>	<u>(172,136)</u>	<u>813,282</u>
		400,538		100,000	150,000	760,538
<u>(779,000)</u>	<u>(55,110)</u>					<u>(834,110)</u>
<u>(779,000)</u>	<u>(55,110)</u>	<u>400,538</u>		<u>100,000</u>	<u>150,000</u>	<u>(73,572)</u>
<u>(223,523)</u>	<u>488,707</u>	<u>14,618</u>	<u>7,434</u>	<u>(74,368)</u>	<u>(22,136)</u>	<u>739,710</u>
<u>1,483,997</u>	<u>412,464</u>	<u>40,152</u>	<u>148,722</u>	<u>136,424</u>	<u>330,746</u>	<u>5,661,236</u>
<u>\$1,260,474</u>	<u>\$901,171</u>	<u>\$54,770</u>	<u>\$156,156</u>	<u>\$62,056</u>	<u>\$308,610</u>	<u>\$6,400,946</u>

CITY OF LAFAYETTE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	PARKING PROGRAMS			VEHICLE ABATEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services	\$220,000	\$237,867	\$17,867	\$12,000		(\$12,000)
Intergovernmental						
Licenses and permits	25,500	24,458	(1,042)			
Fines, forfeitures and penalties	180,000	134,404	(45,596)		\$8,526	8,526
Use of money and property	35,000	32,189	(2,811)		31	31
Miscellaneous		33,015	33,015			
Total Revenues	<u>460,500</u>	<u>461,933</u>	<u>1,433</u>	<u>12,000</u>	<u>8,557</u>	<u>(3,443)</u>
EXPENDITURES						
Current:						
Police services				8,869	7,169	1,700
Parking services	484,144	484,161	(17)			
Public works						
Senior transportation						
Engineering						
Total Expenditures	<u>484,144</u>	<u>484,161</u>	<u>(17)</u>	<u>8,869</u>	<u>7,169</u>	<u>1,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(23,644)</u>	<u>(22,228)</u>	<u>1,416</u>	<u>3,131</u>	<u>1,388</u>	<u>(1,743)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	50,000				
Transfers out						
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>				
NET CHANGE IN FUND BALANCES	<u>\$26,356</u>	<u>27,772</u>	<u>\$1,416</u>	<u>\$3,131</u>	<u>1,388</u>	<u>(\$1,743)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>1,910,101</u>			<u>33,712</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$1,937,873</u>			<u>\$35,100</u>	

SENIOR TRANSPORTATION			LOW AND MODERATE INCOME HOUSING			GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$538,200	\$553,383	\$15,183
\$24,400	\$33,163 54,810	\$8,763 54,810						
45,000	111,115	66,115		384,974	384,974	1,200	2,094	894
69,400	199,088	129,688		384,974	384,974	539,400	555,477	16,077
160,991	124,244	36,747						
160,991	124,244	36,747						
(91,591)	74,844	166,435		384,974	384,974	539,400	555,477	16,077
60,000	60,000					(1,484,000)	(779,000)	705,000
60,000	60,000					(1,484,000)	(779,000)	705,000
<u>(\$31,591)</u>	134,844	<u>\$166,435</u>		384,974	<u>\$384,974</u>	<u>(\$944,600)</u>	(223,523)	<u>\$721,077</u>
	49,161			\$1,115,757			1,483,997	
	<u>\$184,005</u>			<u>\$1,500,731</u>			<u>\$1,260,474</u>	

(Continued)

CITY OF LAFAYETTE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2016

	MEASURE J RETURN TO SOURCE			SUPPLEMENTAL LAW ENFORCEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes	\$454,500	\$609,103	\$154,603			
Charges for services						
Intergovernmental				\$100,000	\$114,618	\$14,618
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property						
Miscellaneous						
Total Revenues	<u>454,500</u>	<u>609,103</u>	<u>154,603</u>	<u>100,000</u>	<u>114,618</u>	<u>14,618</u>
EXPENDITURES						
Current:						
Police services				500,538	500,538	
Parking services						
Public works						
Senior transportation						
Engineering	84,408	65,286	19,122			
Total Expenditures	<u>84,408</u>	<u>65,286</u>	<u>19,122</u>	<u>500,538</u>	<u>500,538</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>370,092</u>	<u>543,817</u>	<u>173,725</u>	<u>(400,538)</u>	<u>(385,920)</u>	<u>14,618</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				400,538	400,538	
Transfers out	(274,432)	(55,110)	219,322			
Total Other Financing Sources (Uses)	<u>(274,432)</u>	<u>(55,110)</u>	<u>219,322</u>	<u>400,538</u>	<u>400,538</u>	
NET CHANGE IN FUND BALANCES	<u>\$95,660</u>	488,707	<u>\$393,047</u>		14,618	<u>\$14,618</u>
BEGINNING FUND BALANCES (DEFICITS)		412,464			40,152	
ENDING FUND BALANCES (DEFICITS)		<u>\$901,171</u>			<u>\$54,770</u>	

ASSESSMENT DISTRICTS

STREET LIGHTING			CORE AREA MAINTENANCE			STORMWATER POLLUTION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$20,078	\$20,703	\$625	\$221,589	\$222,560	\$971	\$366,663	\$373,930	\$7,267
	202	202	460	733	273	257	366	109
			2,101	171	(1,930)	5,470		(5,470)
20,078	20,905	827	224,150	223,464	(686)	372,390	374,296	1,906
25,000	13,471	11,529	418,116	397,832	20,284	594,766	546,432	48,334
25,000	13,471	11,529	418,116	397,832	20,284	594,766	546,432	48,334
(4,922)	7,434	12,356	(193,966)	(174,368)	19,598	(222,376)	(172,136)	50,240
			100,000	100,000		150,000	150,000	
			100,000	100,000		150,000	150,000	
(\$4,922)	7,434	\$12,356	(\$93,966)	(74,368)	\$19,598	(\$72,376)	(22,136)	\$50,240
	148,722			136,424			330,746	
	\$156,156			\$62,056			\$308,610	

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CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2016

FIDUCIARY FUNDS

GASB Statement 34 requires that Pension Funds and Agency Funds be presented separately from the Government-wide and Fund financial statements.

PRIVATE PURPOSE TRUST FUNDS

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund

Redevelopment Agency - Tracks costs and revenues associated with the Successor Agency to the former Lafayette Redevelopment Agency.

Redevelopment Debt Service - Tracks all outstanding debt obligations for the Successor Agency to the former Lafayette Redevelopment Agency tax increment bonds.

AGENCY FUNDS

Lamorinda Fee and Financing Authority – In 1986, the Cities of Lafayette and Orinda and the Town of Moraga entered into a joint powers agreement for the purpose of assessing transportation fees in accordance with the impact of new developments in Lamorinda. As the Treasurer for this agency, this fund is maintained to track fees from Lafayette, Moraga, and Orinda, as well as their expenditure on joint jurisdictional projects that address various bicycle, pedestrian, road, and signal projects as described in the LFFA Expenditure Plan.

Lamorinda School Bus Transportation – In 1994 the cities and school district in Lafayette, Moraga and Orinda entered into a joint powers agreement (JPA) for the purpose of overseeing and operating a joint school bus program to serve K-8 students in order to relieve traffic congestion. The JPA was revised in 2007 to include high school students. It was revised again in 2009 to include three years of bus service for the Piedmont Unified School District while it retrofitted three elementary schools; this agreement ended in June 2012. The City of Lafayette is the Treasurer for this agency and in this capacity, maintains a fund to track the sources and uses of program monies.

CITY OF LAFAYETTE
 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND
 COMBINING SCHEDULE OF NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	<u>Redevelopment Agency</u>	<u>Redevelopment Debt Service</u>	<u>Total</u>
ASSETS			
Restricted cash and investments held by fiscal agents	<u>\$75,150</u>	<u>\$1,332,593</u>	<u>\$1,407,743</u>
Total Assets	<u><u>\$75,150</u></u>	<u><u>\$1,332,593</u></u>	<u><u>\$1,407,743</u></u>
LIABILITIES			
Accounts payable and accrued liabilities			
Interest payable		\$692,259	\$692,259
Loans payable to the City	\$6,097,447		6,097,447
Loans payable to the Housing Successor Agency Fund	1,115,757		1,115,757
Loans payable to the Parking Fund	766,348		766,348
Long-term debt - due in less than one year		500,000	500,000
Long-term debt - due in more than one year		<u>37,037,306</u>	<u>37,037,306</u>
Total Liabilities	<u>7,979,552</u>	<u>38,229,565</u>	<u>46,209,117</u>
NET POSITION			
Held in trust for private purpose	<u><u>(\$7,904,402)</u></u>	<u><u>(\$36,896,972)</u></u>	<u><u>(\$44,801,374)</u></u>

CITY OF LAFAYETTE
 SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY PRIVATE PURPOSE TRUST FUND
 COMBINING SCHEDULE OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Redevelopment Agency	Redevelopment Debt Service	Total
ADDITIONS			
Property taxes	\$3,630,112		\$3,630,112
Investment income	45	\$306	351
Miscellaneous	28,842		28,842
Total Additions	3,658,999	306	3,659,305
DEDUCTIONS			
Administration	73,673		73,673
Interest expense and fiscal charges	395,988	2,171,269	2,567,257
Total Deductions	469,661	2,171,269	2,640,930
OTHER FINANCING SOURCES (USES):			
Transfers in	15,273,967	2,414,877	17,688,844
Transfers (out)	(2,414,877)	(15,273,967)	(17,688,844)
Total Other Financing Sources (Uses)	12,859,090	(12,859,090)	
Change in Net Position	16,048,428	(15,030,053)	1,018,375
BEGINNING NET POSITION (DEFICITS) (As restated)	(23,952,830)	(21,866,919)	(45,819,749)
ENDING NET POSITION (DEFICITS)	(\$7,904,402)	(\$36,896,972)	(\$44,801,374)

CITY OF LAFAYETTE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
<u>Lamorinda Fee and Financing Authority</u>				
ASSETS				
Cash and investments	\$291,775	\$247,851	\$291,775	\$247,851
Receivables:				
Accounts	480		480	
Interest	35	72	35	72
Due from members		917		917
Total Assets	<u>\$292,290</u>	<u>\$248,840</u>	<u>\$292,290</u>	<u>\$248,840</u>
LIABILITIES				
Accounts payable		\$248,840		\$248,840
Due to members	\$292,290		\$292,290	
Total Liabilities	<u>\$292,290</u>	<u>\$248,840</u>	<u>\$292,290</u>	<u>\$248,840</u>
<u>Lamorinda School Bus Transportation Agency</u>				
ASSETS				
Cash and investments	\$1,051,204	\$978,598	\$1,051,204	\$978,598
Receivables:				
Accounts	32,445	138,424	32,445	138,424
Interest	209	432	209	432
Other assets		500		500
Total Assets	<u>\$1,083,858</u>	<u>\$1,117,954</u>	<u>\$1,083,858</u>	<u>\$1,117,954</u>
LIABILITIES				
Accounts payable	\$253,634	\$249,207	\$253,634	\$249,207
Unearned revenue	319,703	192,344	319,703	192,344
Due to members	510,521	676,403	510,521	676,403
Total Liabilities	<u>\$1,083,858</u>	<u>\$1,117,954</u>	<u>\$1,083,858</u>	<u>\$1,117,954</u>
<u>All Agency Funds</u>				
ASSETS				
Cash and investments	\$1,342,979	\$1,226,449	\$1,342,979	\$1,226,449
Receivables:				
Accounts	32,925	138,424	32,925	138,424
Interest	244	504	244	504
Due from members		917		917
Other assets		500		500
Total Assets	<u>\$1,376,148</u>	<u>\$1,366,794</u>	<u>\$1,376,148</u>	<u>\$1,366,794</u>
LIABILITIES				
Accounts payable	\$253,634	\$498,047	\$253,634	\$498,047
Unearned revenue	319,703	192,344	319,703	192,344
Due to members	802,811	676,403	802,811	676,403
Total Liabilities	<u>\$1,376,148</u>	<u>\$1,366,794</u>	<u>\$1,376,148</u>	<u>\$1,366,794</u>

**CITY OF LAFAYETTE
STATISTICAL SECTION**

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Government-Wide Revenues by Source - Last Ten Fiscal Years
2. Government-Wide Expenses by Function - Last Ten Fiscal Years
3. General Governmental Revenues by Source - Last Ten Fiscal Years
4. Tax Revenue By Source - Last Ten Fiscal Years

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax and sales tax:

1. General Governmental Expenditures by Function – Last Ten Fiscal Years
2. Net Position by Component
3. Changes in Net Position
4. Fund Balances of Governmental Funds
5. Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
6. Assessed Value and Estimated Actual Value of Taxable Property
7. Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years
8. Principal Sales Tax Producers
9. Principal Property Taxpayers
10. Property Tax Levies & Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Debt Outstanding - Last Ten Fiscal Years
2. Direct and Overlapping Debt
3. Legal Debt Margin Information
4. Pledged-Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic Statistics
2. Annual Average Employment and Unemployment Rates
3. Principal Employers
4. Full-Time Equivalent City Government Employees by Function

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Operating Indicators by Function/Program
2. Capital Asset Statistics by Function - Last Ten Years
3. Miscellaneous Statistical Data

**CITY OF LAFAYETTE
GOVERNMENT-WIDE REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

Program Revenues

Operating			
Fiscal Year	Charges for Service	Operating Grants and Contribution	Capital Grants and Contributions
2007	2,730,697	100,000	567,145
2008	2,411,113	200,000	480,107
2009	2,008,121	149,609	1,472,741
2010	2,025,983	149,609	1,356,377
2011	2,296,083	149,609	365,208
2012	2,724,526	149,609	2,231,839
2013	4,500,112	100,000	848,918
2014	3,609,626	179,938	533,050
2015	4,643,362	751,836	893,741
2016	4,415,302	907,697	619,102

Source: City of Lafayette Finance Department.

General Revenues

Taxes	Motor Vehicle In Lieu	Unrestricted Investment Earnings	Other	Transfers In	Total
13,213,421	1,879,161	1,656,880	729,239	20,000	\$20,896,543
13,244,239	1,949,901	1,888,359	863,279	20,000	\$21,056,998
13,732,903	2,036,467	1,222,093	645,715	20,000	\$21,287,649
13,599,384	2,089,830	698,747	815,830	20,000	\$20,755,760
13,746,982	2,149,290	660,086	1,305,381	25,000	\$20,697,639
13,489,083	2,035,206	590,727	958,823	30,000	\$22,209,813
10,944,451	2,058,283	157,127	1,547,216	30,000	\$20,186,107
11,590,265	2,176,084	149,827	1,963,638	30,000	\$20,232,428
12,411,033	2,343,990	212,167	493,248	30,000	\$21,779,377
13,948,404	2,523,771	269,718	255,721	30,000	\$22,969,715

**CITY OF LAFAYETTE
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	City Council, Commissions & Community Support	Administration	Police Services	Public Works
2007	974,170	3,183,659	3,424,615	3,125,884
2008	1,840,706	3,524,051	3,635,692	2,470,211
2009	1,087,322	3,457,033	3,880,430	2,342,472
2010	1,055,156	3,407,361	3,850,434	2,300,946
2011	1,051,368	3,012,061	3,879,299	2,394,348
2012	1,156,123	2,660,629	3,917,326	2,250,034
2013	1,187,756	3,411,836	4,020,045	3,332,889
2014	1,262,843	3,815,040	3,987,257	2,475,665
2015 ***	1,207,205	2,064,648	5,272,182	2,053,516
2016	1,358,648	2,352,606	5,321,731	2,238,759

Source: City of Lafayette Finance Department.

* The Redevelopment Agency was dissolved as of January 31, 2012.

** Comprises parking services, senior transportation, and library operations

*** Infrastructure as its own program was found to be incorrect per the Governmental Accounting Standards Board and was rolled into Planning & Engineering.

Infrastructure	Planning & Engineering	Debt Service	Other **	Recreation Programs	Total
2,629,425	1,385,661	1,287,148	327,034	1,022,612	\$17,360,208
2,868,201	1,630,903	1,774,358	303,832	1,000,401	\$19,048,355
3,187,402	1,447,089	2,632,165	3,240,664	924,163	\$22,198,740
3,334,599	2,770,095	3,067,390	855,004	950,791	\$21,591,776
4,166,614	1,710,675	3,150,305	1,122,154	983,652	\$21,470,476
3,412,239	1,969,349	2,101,477	771,003	963,224	\$19,201,404
3,790,761	1,103,616	284,950	932,134	988,395	\$19,052,382
4,649,195	841,799	271,508	1,093,381	1,064,898	\$19,461,586
0	6,691,105	252,475	1,297,309	1,224,490	\$20,062,930
0	6,907,346	230,625	1,389,465	1,288,899	\$21,088,079

**CITY OF LAFAYETTE
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Parking</u>	<u>Intergovernmental</u>	<u>Charges for Services</u>	<u>Licenses and Permits</u>
2007	12,770,243	146,410	2,546,306	1,217,371	0
2008	12,760,571	199,507	2,630,008	1,023,816	0
2009	13,142,305	214,306	3,658,817	883,947	0
2010	12,503,197	198,424	3,595,816	813,698	0
2011	13,037,466	296,088	2,664,107	925,951	0
2012	12,721,267	327,353	4,416,654	1,268,191	0
2013	11,415,349	226,092	3,007,201	1,247,703	0
2014	11,590,263	242,324	2,889,073	1,478,690	0
2015*	12,411,033	0	3,321,311	2,731,507	295,426
2016	13,324,190	0	3,285,396	2,594,541	351,820

Source: City of Lafayette Finance Department

* In 2015, parking and developer fees were consolidated into the charges for service category, while license and permit revenue was broken out from charges for services.

<u>Fines and Forfeitures</u>	<u>Investment Income</u>	<u>Developer Fees</u>	<u>Miscellaneous</u>	<u>Total Revenues</u>
308,754	1,956,099	399,061	729,238	\$20,073,482
295,989	1,888,359	342,152	863,279	\$20,003,681
387,319	1,222,093	168,502	645,715	\$20,323,004
437,299	698,747	234,357	815,831	\$19,297,369
423,893	660,086	269,231	1,305,380	\$19,582,202
451,506	590,727	377,462	958,823	\$21,111,983
382,008	157,127	1,558,694	1,547,216	\$19,541,390
371,372	182,394	416,968	1,931,070	\$19,102,154
316,406	212,167	0	1,161,504	\$20,449,354
251,721	301,157	0	1,689,390	\$21,798,215

**CITY OF LAFAYETTE
TAX REVENUE BY SOURCE
LAST TEN FISCAL YEARS**

Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise
2007	7,297,461 *	2,621,785	628,571	1,093,899
2008	7,300,248 *	2,645,234	615,415	1,140,008
2009	8,042,309 *	2,394,096	493,812	1,296,308
2010	7,372,494 *	2,261,525	413,796	1,538,647
2011	7,680,137 *	2,218,200	451,157	1,598,142
2012	6,763,452 *	2,561,057	522,777	1,609,145
2013	5,259,337	2,667,194	562,018	1,622,330
2014	5,102,514	2,756,952	630,576	1,664,512
2015	5,427,316	2,876,935	701,718	1,836,029
2016	5,722,675	3,193,914	745,707	2,165,762
Change 2007-2016	-21.6%	21.8%	18.6%	98.0%

Source: City of Lafayette Finance Department

* These figures include property tax revenue received by the Redevelopment Agency of the City of Lafayette, which was eliminated in February 2012. For comparison purposes, an additional table is shown below that reflects property tax revenues without the portion related to the Redevelopment Agency of the City of Lafayette.

Fiscal Year	Property
2007	4,849,137
2008	4,833,134
2009	5,006,643
2010	4,250,197
2011	4,791,347
2012	4,746,448
2013	5,259,337
2014	5,102,514
2015	5,427,316
2016	5,722,675
Change 2007-2016	18.0%

<u>Property Transfer</u>	<u>Gas Tax</u>	<u>Measure J</u>	<u>Total Revenues</u>
284,441	451,046	393,040	\$12,770,243
215,548	442,236	401,882	\$12,760,571
155,934	404,980	354,866	\$13,142,305
177,851	401,734	337,150	\$12,503,197
170,178	578,865	340,787	\$13,037,466
207,002	690,985	366,849	\$12,721,267
237,799	580,172	486,499	\$11,415,349
292,045	744,128	399,536	\$11,590,263
349,633	703,594	515,808	\$12,411,033
333,647	553,383	609,103	\$13,324,191
17.3%	22.7%	55.0%	4.3%

**CITY OF LAFAYETTE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS**

Fiscal Year	Council, Commissions, & Community Support	Police Services	Public Works	Planning & Engineering	Administration
2007	974,170	3,459,558	2,604,282	1,378,713	3,166,588
2008	1,840,706	3,563,952	2,480,845	1,628,148	3,432,746
2009	1,087,322	3,837,921	2,329,401	1,439,204	3,400,568
2010	1,055,156	3,825,308	2,289,105	2,770,095	3,371,846
2011	1,051,368	3,837,772	2,367,914	1,710,675	2,967,272
2012	1,156,123	3,865,518	2,221,207	1,969,349	2,587,138
2013	1,187,756	3,973,124	3,312,392	1,103,616	3,398,415
2014	1,262,843	3,945,555	2,462,591	831,314	3,815,664
2015 *	1,198,457	5,056,410	2,210,055	1,871,739	2,070,041
2016	1,339,477	5,110,272	2,876,882	1,889,844	2,327,342

Source: City of Lafayette Finance Department.

* Insurance & Claims combined with Administration. Rent & Other Expenses represents the costs for parking, senior transportation, and library operations.

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Rent & Other Expenses</u>	<u>Insurance & Claims</u>	<u>Total</u>
7,172,188	1,998,985	222,893	103,492	\$21,080,869
15,923,167	2,202,864	233,961	69,871	\$31,376,260
17,363,838	2,898,962	3,130,247	110,417	\$35,597,880
14,260,968	3,715,617	751,333	103,672	\$32,143,100
8,559,572	3,844,398	1,050,903	71,251	\$25,461,125
3,847,573	3,320,059	735,352	35,651	\$19,737,970
2,999,602	798,914	748,289	183,845	\$17,705,953
5,838,737	731,525	798,936	181,460	\$19,868,625
4,898,679	732,338	1,297,314	0	\$19,335,033
3,737,470	730,168	1,384,181	0	\$19,395,636

CITY OF LAFAYETTE

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:				
Invested in capital assets	\$38,383,583	\$51,772,176	\$57,240,735	\$68,757,999
Restricted	26,866,077	13,851,410	5,587,771	(7,125,956)
Unrestricted	16,847,828	18,462,545	20,326,534	20,666,981
Total governmental activities net position	<u>\$82,097,488</u>	<u>\$84,086,131</u>	<u>\$83,155,040</u>	<u>\$82,299,024</u>

Fiscal Year Ended June 30,

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$54,267,231	\$98,939,504	\$98,560,464	\$99,272,004	\$99,751,041	\$99,141,344
13,502,081	16,571,443	19,381,805	21,379,235	7,255,961	7,932,301
13,731,874	11,051,388	9,724,019	6,996,232	23,443,139	25,228,894
<u>\$81,501,186</u>	<u>\$126,562,335</u>	<u>\$127,666,288</u>	<u>\$127,647,471</u>	<u>\$130,450,141</u>	<u>\$132,302,539</u>

CITY OF LAFAYETTE
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal year ended June 30,				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses:					
Governmental activities:					
Council, commissions & community support	\$974,170	\$1,840,706	\$1,087,322	\$1,055,156	\$1,051,368
Administration	3,183,659	3,524,051	3,457,033	3,407,361	3,012,061
Police services	3,424,615	3,635,692	3,880,430	3,850,434	3,879,299
Public works	3,125,884	2,470,211	2,342,472	2,300,946	2,394,348
Infrastructure - depreciation	2,629,425	2,868,201	3,187,402	3,334,599	4,166,614
Planning & engineering	1,385,661	1,630,903	1,447,089	2,770,095	1,710,675
Interest & debt charges	1,287,148	1,774,358	2,632,165	3,067,390	3,150,305
Other	327,034	303,832	3,240,664	855,004	1,122,154
Total governmental activities expenses	<u>16,337,596</u>	<u>18,047,954</u>	<u>21,274,577</u>	<u>20,640,985</u>	<u>20,486,824</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Council, commissions & community support	0	0	0	0	0
Administration	0	0	0	0	0
Police services	55,968	50,269	52,200	47,254	37,441
Public works	0	0	0	0	0
Infrastructure - depreciation	0	0	0	0	0
Planning & engineering	1,572,450	1,327,527	1,011,276	1,011,235	1,168,206
Interest & debt charges	0	0	0	0	0
Other	0	0	0	0	0
Operating grants and contributions	100,000	200,000	149,609	149,609	149,609
Capital grants and contributions	567,145	480,107	1,472,741	1,356,377	365,208
Total governmental activities program revenues	<u>2,295,563</u>	<u>2,057,903</u>	<u>2,685,826</u>	<u>2,564,475</u>	<u>1,720,464</u>
Net revenues (expenses):	<u>(14,042,033)</u>	<u>(15,990,051)</u>	<u>(18,588,751)</u>	<u>(18,076,510)</u>	<u>(18,766,360)</u>
General revenues and other changes in net assets:					
Governmental activities:					
Taxes:					
Property tax and assessments	7,297,461	7,300,248	8,042,309	7,843,392	7,680,137
Sales tax	3,014,825	3,047,116	2,748,962	2,598,675	2,558,987
Franchise tax	1,093,899	1,140,008	1,296,308	1,538,647	1,598,142
Transient occupancy tax	628,571	615,415	493,812	413,796	451,157
Vehicle code fines	296,768	284,161	376,292	426,865	413,428
Motor vehicle in lieu tax	1,879,161	1,949,901	2,036,467	2,089,830	2,149,290
Highway users tax	451,046	442,236	404,980	401,734	578,865
Transfer tax	284,441	215,548	155,934	177,851	170,178
Business registrations	0	0	0	0	0
Parking revenues	146,410	199,507	214,306	198,424	296,088
Investment income	1,656,880	1,888,359	1,222,093	698,747	660,086
Other	729,239	863,279	645,715	815,830	1,305,381
Transfers in	20,000	20,000	20,000	20,000	25,000
Total governmental activities	<u>17,498,701</u>	<u>17,965,778</u>	<u>17,657,178</u>	<u>17,223,791</u>	<u>17,886,739</u>
Extraordinary Gain - Successor Agency Trust for Assets of Former Redevelopment Agency					
Changes in net position	<u>\$3,456,668</u>	<u>\$1,975,727</u>	<u>(\$931,573)</u>	<u>(\$852,719)</u>	<u>(\$879,621)</u>

* The Redevelopment Agency was dissolved as of January 31, 2012.

Fiscal year ended June 30,

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$1,156,123	\$1,187,756	\$1,262,843	\$1,207,205	\$1,358,648
2,660,629	3,411,836	3,815,040	2,064,648	2,352,606
3,917,326	4,020,045	3,987,257	5,272,182	5,321,731
2,250,034	3,332,889	2,475,665	2,053,516	2,238,759
3,412,239	3,790,761	4,649,195	0	0
1,969,349	1,103,616	841,799	6,691,105	6,907,346
2,101,477	284,950	271,508	252,475	230,625
771,003	932,134	1,093,381	1,297,309	1,389,465
<u>18,238,180</u>	<u>18,063,987</u>	<u>18,396,688</u>	<u>18,838,440</u>	<u>19,799,180</u>
0	0	0	0	0
0	0	0	14,648	18,118
34,857	630,325	637,454	154,260	129,316
0	0	0	84,729	84,173
0	0	0	0	0
1,621,839	2,784,172	1,871,901	2,593,636	2,329,312
0	0	0	0	0
0	0	0	496,066	465,089
149,609	100,000	179,938	751,836	907,697
<u>2,231,839</u>	<u>848,918</u>	<u>533,050</u>	<u>893,741</u>	<u>619,102</u>
<u>4,038,144</u>	<u>4,363,415</u>	<u>3,222,343</u>	<u>4,988,916</u>	<u>4,552,807</u>
<u>(14,200,036)</u>	<u>(13,700,572)</u>	<u>(15,174,345)</u>	<u>(13,849,524)</u>	<u>(15,246,373)</u>
6,763,452	4,788,439	5,102,515	5,427,316	6,346,889
2,927,906	3,153,693	3,156,488	3,392,743	3,803,017
1,609,145	1,622,330	1,664,512	1,836,029	2,165,761
522,777	562,018	630,576	701,718	745,707
440,463	N/A	N/A	0	0
2,035,206	2,058,283	2,176,084	2,343,990	2,523,771
690,985	580,172	744,129	703,594	553,383
207,002	237,799	292,045	349,633	333,647
0	0	0	0	0
327,353	N/A	N/A	0	0
590,727	157,127	149,827	212,167	269,718
958,823	1,547,216	1,963,638	493,248	255,721
30,000	30,000	30,000	30,000	30,000
<u>17,103,839</u>	<u>14,737,077</u>	<u>15,909,814</u>	<u>15,490,438</u>	<u>17,027,614</u>
<u>42,082,740</u>				
<u>\$44,986,543</u>	<u>\$1,036,505</u>	<u>\$735,469</u>	<u>\$1,640,914</u>	<u>\$1,781,241</u>

CITY OF LAFAYETTE

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
General fund:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	5,329,948	6,580,742	6,111,229	8,359,135
Unassigned	8,857,644	9,054,144	9,228,645	7,868,890
Total general fund	<u>\$14,187,592</u>	<u>\$15,634,886</u>	<u>\$15,339,874</u>	<u>\$16,228,025</u>
All other governmental funds:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	24,742,904	12,001,834	5,721,378	(7,965,648)
Committed	0	0	0	0
Assigned	5,396,192	5,550,476	6,014,749	5,987,893
Unassigned	213,087	0	0	0
Total all other governmental funds	<u>\$30,352,183</u>	<u>\$17,552,310</u>	<u>\$11,736,127</u>	<u>(\$1,977,755)</u>

Fiscal Year Ended June 30,					
2011	2012	2013	2014	2015	2016
\$0	\$6,022,847	\$6,509,859	\$6,073,032	\$6,086,362	\$6,154,010
0	0	42,880	6,280	23,110	143,431
0	1,509,476	690,944	3,191,939	3,117,955	2,797,600
6,623,641	250,000	2,724,004	0	0	0
10,752,189	10,391,624	7,388,013	6,804,724	8,267,328	9,766,041
<u>\$17,375,830</u>	<u>\$18,173,947</u>	<u>\$17,355,700</u>	<u>\$16,075,975</u>	<u>\$17,494,755</u>	<u>\$18,861,082</u>
\$0	\$624,969	\$144,141	\$2,211,773	\$1,209	\$1,000
(12,886,180)	4,308,582	4,602,990	2,973,306	7,254,752	9,083,166
0	4,105,569	7,440,055	7,545,361	6,315,777	5,553,824
3,906,697	0	0	0	0	0
0	464,382	0	0	0	0
<u>(\$8,979,483)</u>	<u>\$9,503,502</u>	<u>\$12,187,186</u>	<u>\$12,730,440</u>	<u>\$13,571,738</u>	<u>\$14,637,990</u>

CITY OF LAFAYETTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

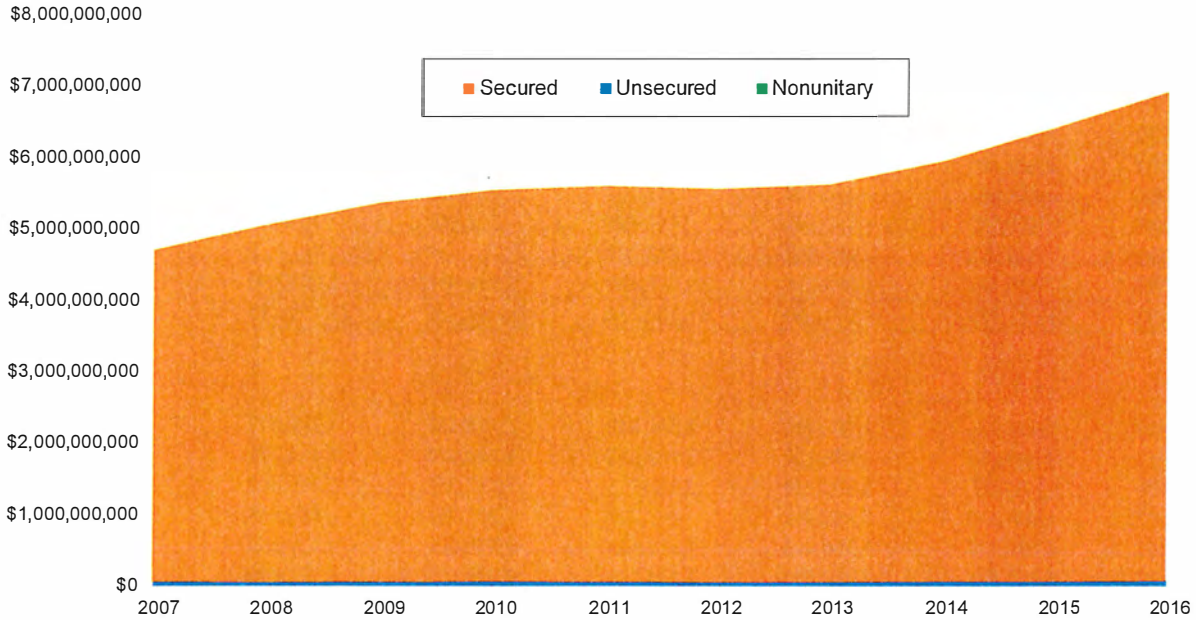
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
Revenues:				
Taxes	\$12,770,243	\$12,760,571	\$13,142,305	\$12,503,197
Licenses and permits	0	0	0	0
Intergovernmental	2,546,306	2,630,008	3,658,817	3,595,816
Developer fees	399,061	342,152	168,502	234,357
Charges for services	1,217,371	1,023,816	883,947	813,698
Fines and forfeitures	308,754	295,989	387,319	437,299
Investment income	1,956,099	1,888,359	1,222,093	698,747
Parking	146,410	199,507	214,306	198,424
Miscellaneous	729,238	863,279	645,715	815,831
Total revenues	<u>20,073,482</u>	<u>20,003,681</u>	<u>20,323,004</u>	<u>19,297,369</u>
Expenditures				
Current:				
Council, commissions & community support	974,170	1,840,706	1,087,322	1,055,156
Police services	3,459,558	3,563,952	3,837,921	3,825,308
Public works	2,604,282	2,480,845	2,329,401	2,289,105
Planning & Engineering	1,378,713	1,628,148	1,439,204	2,770,095
Administration	3,166,588	3,432,746	3,400,568	3,371,846
Capital projects	7,172,188	15,923,167	17,363,838	14,260,968
Debt service				
Principal	420,000	435,000	530,000	665,000
Interest	1,578,985	1,767,864	2,368,962	3,050,617
Rent & other expenses	222,893	233,961	3,130,247	751,333
Insurance & claims	103,492	69,871	110,417	103,672
Total expenditures	<u>21,080,869</u>	<u>31,376,260</u>	<u>35,597,880</u>	<u>32,143,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,007,387)</u>	<u>(11,372,579)</u>	<u>(15,274,876)</u>	<u>(12,845,731)</u>
Other financing sources (uses):				
Transfers in	3,757,297	4,728,129	5,421,247	4,678,918
Transfers out	(3,756,099)	(4,708,129)	(5,401,247)	(4,658,918)
Proceeds from bonds	0	0	9,600,000	0
Bond issuance costs	0	0	(456,319)	0
Total other financing sources (uses)	<u>1,198</u>	<u>20,000</u>	<u>9,163,681</u>	<u>20,000</u>
Extraordinary loss				
Net change in fund balances	<u>(\$1,006,189)</u>	<u>(\$11,352,579)</u>	<u>(\$6,111,195)</u>	<u>(\$12,825,731)</u>
Debt service as a percentage of noncapital expenditures	14%	14%	16%	21%

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015	2016
\$13,037,466	\$12,721,267	\$11,415,349	\$11,590,263	\$12,411,033	\$13,324,190
0	0	0	0	295,426	351,820
2,664,107	4,416,654	3,007,201	2,889,073	3,321,311	3,285,396
269,231	377,462	1,558,694	416,968	0	0
925,951	1,268,191	1,247,703	1,478,690	2,731,507	2,594,541
423,893	451,506	382,008	371,372	316,406	251,721
660,086	590,727	157,127	182,394	212,167	301,157
296,088	327,353	226,092	242,324	0	0
1,305,380	958,823	1,547,216	1,931,070	1,161,504	1,689,390
19,582,202	21,111,983	19,541,390	19,102,154	20,449,354	21,798,215
1,051,368	1,156,123	1,187,756	1,262,843	1,198,457	1,339,477
3,837,772	3,865,518	3,973,124	3,945,555	5,056,410	5,110,272
2,367,914	2,221,207	3,312,392	2,462,591	2,210,055	2,876,882
1,710,675	1,969,349	1,103,616	831,314	1,871,739	1,889,844
2,967,272	2,587,138	3,398,415	3,815,664	2,070,041	2,327,342
8,559,572	3,847,573	2,999,602	5,838,737	4,898,679	3,737,470
710,000	780,000	495,000	450,000	470,000	490,000
3,134,398	2,540,059	303,914	281,525	262,338	240,168
1,050,903	735,352	748,289	798,936	1,297,314	1,384,181
71,251	35,651	183,845	181,460	0	0
25,461,125	19,737,970	17,705,953	19,868,625	19,335,033	19,395,636
(5,878,923)	1,374,013	1,835,437	(766,471)	1,114,321	2,402,579
6,246,283	4,291,955	4,378,465	5,384,641	3,628,519	3,827,512
(6,221,283)	(4,261,955)	(4,348,465)	(5,354,641)	(3,598,519)	(3,797,512)
0	0	0	0	0	0
0	0	0	0	0	0
25,000	30,000	30,000	30,000	30,000	30,000
(\$5,853,923)	\$1,404,013	\$1,865,437	(\$736,471)	\$1,144,321	\$2,432,579
23%	21%	5%	5%	5%	5%

**CITY OF LAFAYETTE
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



Fiscal Year ended June 30	Secured	Unsecured	Nonunitary	Taxable Assessed Value*	Total Direct Rate
2007	4,700,277,218	56,474,019	1,419,775	\$4,758,171,012	0.15941
2008	5,058,232,658	49,725,844	1,419,775	\$5,109,378,277	0.14465
2009	5,364,553,364	53,566,252	1,419,775	\$5,419,539,391	0.14917
2010	5,539,773,185	57,895,020	1,419,775	\$5,599,087,980	0.14754
2011	5,597,639,658	54,360,490	650,940	\$5,652,651,088	0.14477
2012	5,558,785,347	52,407,020	650,940	\$5,611,843,307	0.13979
2013	5,619,888,737	54,963,402	650,940	\$5,675,503,079	0.14168
2014	5,949,707,469	57,918,585	650,940	\$6,008,276,994	0.08075
2015	6,416,076,847	57,781,280	991,026	\$6,474,849,153	0.07928
2016	6,907,551,196	64,879,026	991,026	\$6,973,421,248	0.07614

Source: Contra Costa County Assessor 2006/07 - 2015/16 Combined Tax Rolls

* The Taxable Assessed Valuation is the Total Gross Assessed Valuation less Homeowner's exemptions.

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase 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.

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**CITY OF LAFAYETTE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Lafayette Direct Rate	Overlapping Rates			
		Acalanes Union High School District	Bay Area Rapid Transit	Contra Costa Community College	East Bay Regional Park District
2007	0.06663	0.02920	0.00500	0.00430	0.00850
2008	0.06663	0.02590	0.00760	0.01080	0.00800
2009	0.06663	0.02890	0.00900	0.00660	0.01000
2010	0.06662	0.02980	0.00570	0.01260	0.01080
2011	0.06662	0.03110	0.00310	0.01330	0.00840
2012	0.06662	0.03330	0.00410	0.01440	0.00710
2013	0.06662	0.03330	0.00430	0.00870	0.00510
2014	0.06662	0.03610	0.00750	0.01330	0.00780
2015	0.06662	0.03500	0.00450	0.02520	0.00850
2016	0.06662	0.03320	0.00260	0.02200	0.00670

Source: Contra Costa County Assessor 2006/07 - 2015/16 Tax Rate Table

Overlapping Rates

Lafayette Elementary School District	Lafayette General Fund	Orinda Elementary Bond	Pleasant Hill Recreation & Park	Subtotal Overlapping Rate	TOTAL DIRECT RATE
0.03770	0.02000	0.02590	0.00000	0.13060	0.13965
0.03400	0.02000	0.02370	0.00000	0.13000	0.14465
0.03300	0.01930	0.02470	0.00000	0.13150	0.14917
0.03260	0.01300	0.02360	0.00000	0.12810	0.14754
0.03260	0.01300	0.02440	0.02120	0.14710	0.14477
0.02790	0.01300	0.02740	0.02550	0.15270	0.13979
0.02840	0.01300	0.02730	0.02690	0.14700	0.14168
0.02670	0.01250	0.02550	0.02810	0.15750	0.08075
0.02410	0.01200	0.02320	0.02580	0.15830	0.07928
0.02090	0.00900	0.01900	0.02380	0.13720	0.07614

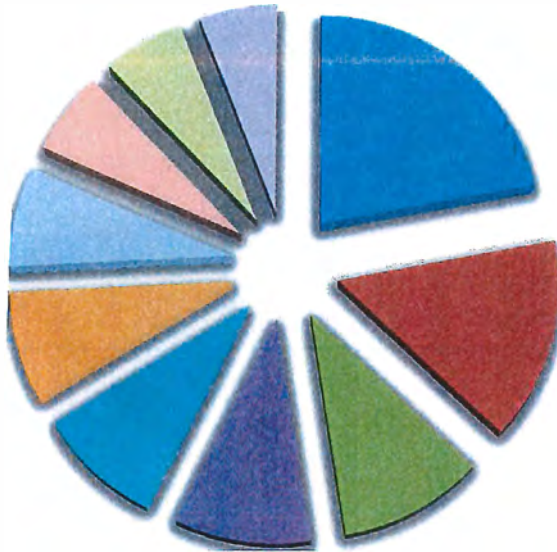
**CITY OF LAFAYETTE
 PRINCIPAL SALES TAX PRODUCERS
 FOR THE YEAR ENDED JUNE 30, 2016**

FIRM	BUSINESS DESCRIPTION
Ace Hardware	Hardware store
AT&T Mobility	Specialty store
Big O Tire Stores	Auto supply
Chevron Service Stations	Service station
Chow Restaurant	Restaurant
CVS/Pharmacy	Drug store
Diablo Foods	Supermarket
Diamond K Gardening Supply	Nursery
Douglah Designs	Personal services
El Charro Mexican Restaurant	Restaurant
Jacksons Wines & Spirits	Liquor store
Lafayette Park Hotel	Hotel food/restaurant
McCaulou's Department Store	Department store
Metro Lafayette	Restaurant
Orchard Nursery	Nursery
Pet Food Express	Specialty store
Pizza Antica	Restaurant
Postino Restaurant	Restaurant
Roam Artisan Burgers	Restaurant
Safeway Stores	Supermarket
Shell Service Stations	Service station
The Cooperage American Grille	Restaurant
Trader Joe's	Supermarket
Union 76 Service Stations	Service station
Whole Foods Market	Supermarket

Source: MBIA Muni Services Company

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**CITY OF LAFAYETTE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
 JUNE 30, 2016**



- BRE Properties Inc
- Cortese Properties LLC
- Merrill Gardens at Lafayette
- Oakwood Athletic Club LLC
- SFI 3466 Mt Diabl Blvd LLC
- Lafayette Park Hotel Associates
- Bay Glen LP
- Brian E and Deanna Moore Trust
- Mark S and Mindee S Mastrov Trust
- AE Woodbury2 LLC

2016

<u>Taxpayer</u>	<u>Primary Use</u>	<u>2016 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
BRE Properties Inc	Residential	\$50,948,766	1	0.73%
Cortese Properties LLC	Commercial	34,639,364	2	0.50%
Merrill Gardens at Lafayette	Commercial	24,130,034	3	0.35%
Oakwood Athletic Club LLC	Miscellaneous	22,420,198	4	0.32%
SFI 3466 Mt Diabl Blvd LLC	Commercial	20,705,594	5	0.30%
Lafayette Park Hotel Associates	Commercial	18,659,370	6	0.27%
Bay Glen LP	Residential	17,346,712	7	0.25%
Brian E and Deanna Moore Trust	Residential	14,590,691	8	0.21%
Mark S and Mindee S Mastrov Trust	Residential	13,949,005	9	0.20%
AE Woodbury2 LLC	Commercial	13,700,000	10	0.20%
Total		\$231,089,734		3.31%

2015-2016 Assessed Valuation: \$6,973,421,248 **
 2006-2007 Assessed Valuation: \$4,758,171,012 **

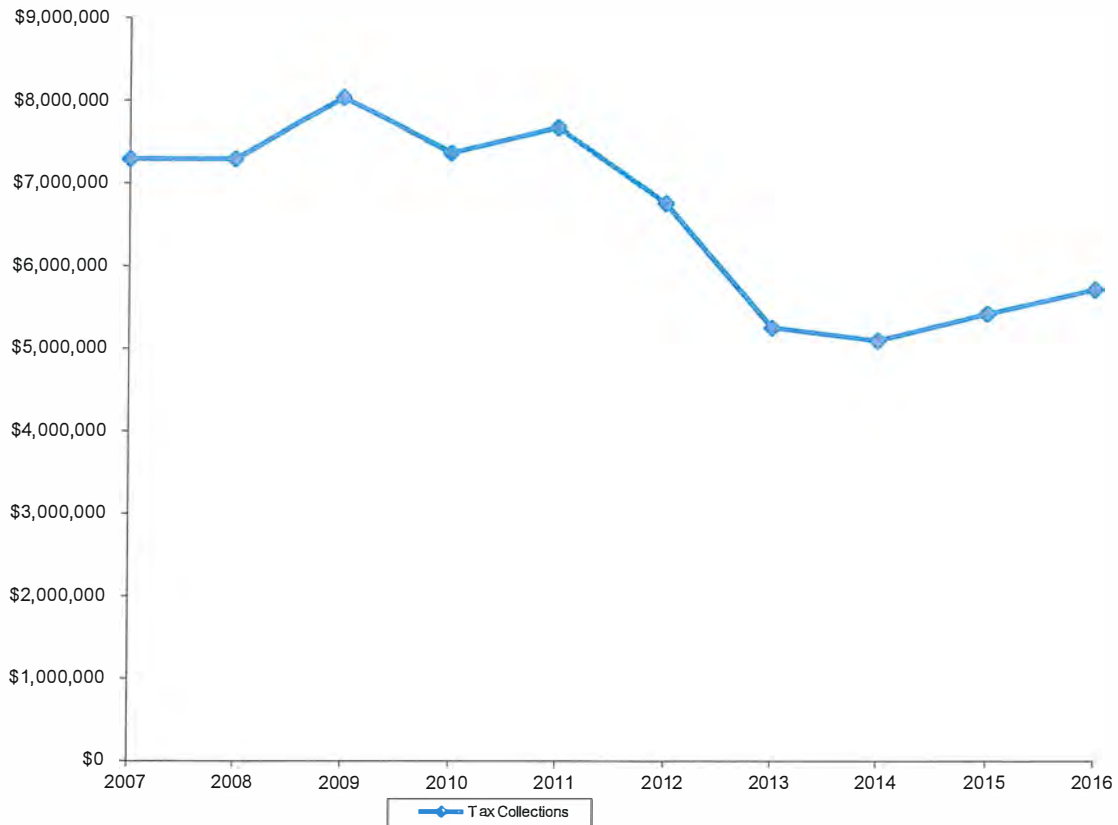
** Local Secured Assessed Valuation

Source: California Municipal Statistics, Inc.

2007

<u>Taxpayer</u>	<u>Primary Use</u>	<u>2007 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bascom Lafayette Highlands LLC	Residential	\$29,561,838	1	0.62%
Oakwood Athletic Club LLC	Commercial	19,412,044	2	0.41%
Lafayette Park Hotel Associates	Commercial	17,859,469	3	0.38%
Realty Associates Fund VI LP	Commercial	16,485,137	4	0.35%
Bay Glen LP	Residential	15,255,632	5	0.32%
Gray Horse Investors	Commercial	11,127,269	6	0.23%
Lafayette Terrace LLC	Commercial	10,638,089	7	0.22%
Kenneth Harry Hofmann Trust	Residential	10,506,086	8	0.22%
Joan E. Bruzzone	Commercial	9,406,382	9	0.20%
Cortese Real Property	Commercial	9,344,949	10	0.20%
		<u>\$149,596,895</u>		<u>3.14%</u>

**CITY OF LAFAYETTE
PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS**



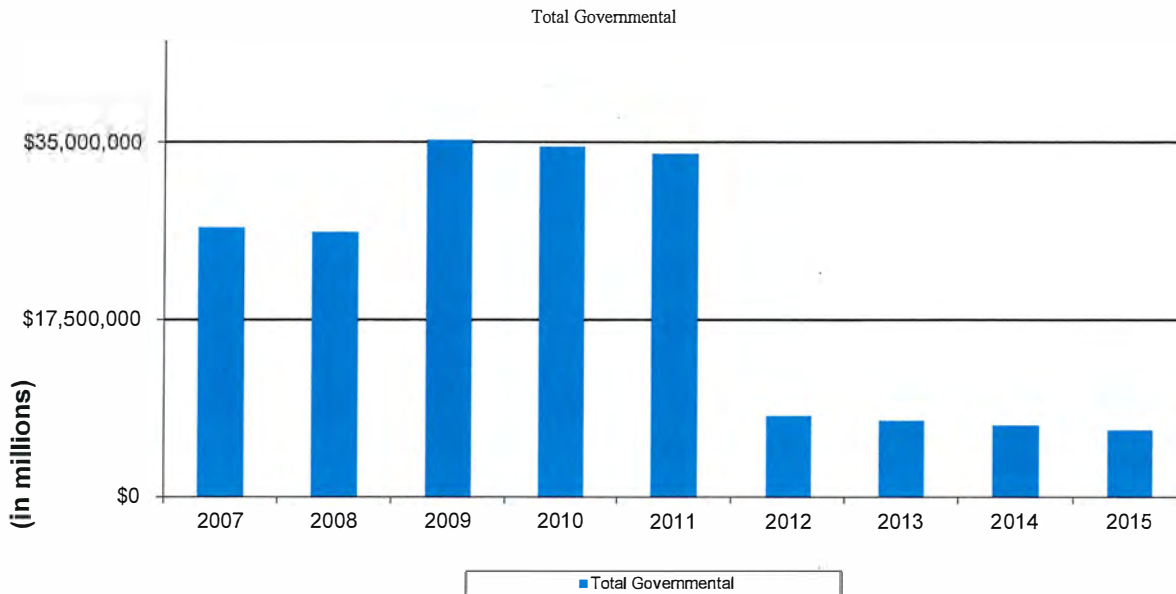
Fiscal Year ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2007	7,297,461	7,297,461	100.00%	7,297,461	100.00%
2008	7,300,248	7,300,248	100.00%	7,300,248	100.00%
2009	8,042,309	8,042,309	100.00%	8,042,309	100.00%
2010	7,372,494	7,372,494	100.00%	7,372,494	100.00%
2011	7,680,137	7,680,137	100.00%	7,680,137	100.00%
2012	6,763,452	6,763,452	100.00%	6,763,452	100.00%
2013	5,259,337	5,259,337	100.00%	5,259,337	100.00%
2014	5,102,514	5,102,514	100.00%	5,102,514	100.00%
2015	5,427,316	5,427,316	100.00%	5,427,316	100.00%
2016	5,722,675	5,722,675	100.00%	5,722,675	100.00%

Source: Contra Costa County Assessor

CITY OF LAFAYETTE

RATIOS OF DEBT OUTSTANDING

LAST TEN FISCAL YEARS



Fiscal Year Ended <u>June 30</u>	<u>Outstanding Debt</u>		<u>Total</u>	Percent of Assessed <u>Value</u>	Percent of Personal <u>Income</u>	Per <u>Capita</u>
	General Obligation <u>Bonds</u>	Tax Allocation <u>Bonds *</u>				
	2007	9,555,000				
2008	9,255,000	16,905,000	\$26,160,000	0.5120%	1.7311%	\$1,098
2009	8,885,000	26,345,000	\$35,230,000	0.6501%	2.3005%	\$1,471
2010	8,530,000	26,035,000	\$34,565,000	0.6173%	2.3027%	\$1,434
2011	8,155,000	25,700,000	\$33,855,000	0.5989%	2.1437%	\$1,391
2012	8,025,000	-	\$8,025,000	0.1430%	0.5059%	\$332
2013	7,530,000	-	\$7,530,000	0.1327%	0.4746%	\$310
2014	7,080,000	-	\$7,080,000	0.1178%	0.4375%	\$287
2015	6,610,000	-	\$6,610,000	0.1021%	0.3998%	\$268
2016	6,120,000	-	\$6,120,000	0.0878%	0.3652%	\$246

Source: City of Lafayette Finance Department

* The balance of Tax Allocation Bonds was transferred to the Successor Agency as of February 1, 2012

CITY OF LAFAYETTE

DIRECT AND OVERLAPPING DEBT

6/30/2016

2015-16 Assessed Valuation (less incremental value): \$6,430,117,719

<u>DIRECT DEBT:</u>	Total Debt <u>6/30/2016</u>	<u>% Applicable (1)</u>	City's Share of <u>Debt 6/30/15</u>
GO BONDS SERIES 2002, 2004, 2011	\$6,120,000	100.000%	\$6,120,000
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Contra Costa County Pension Debt and Lease Revenue Bonds	\$533,202,720	4.042%	\$21,554,306
Contra Costa Fire District	84,695,000	8.794%	7,447,925
Acalanes Union High School District 1997, 2002, & 2008 Bonds	320,730,419	23.578%	75,621,567
Bay Area Rapid Transit District	172,046,226	4.042%	6,954,835
Contra Costa Community College District	578,775,000	4.058%	23,486,020
Pleasant Hill Recreation & Park Bond 2009	26,155,000	1.300%	340,056
East Bay Regional Park District	65,804,219	4.042%	2,660,084
Lafayette Elementary Bond 1995	23,855,000	89.708%	21,399,921
Orinda Elementary Bond	14,904,051	0.167%	24,957
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$159,489,671
TOTAL DIRECT DEBT			\$6,120,000
TOTAL OVERLAPPING DEBT			\$159,489,671
COMBINED TOTAL DEBT			\$165,609,671 (2)

- 1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- 2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Total Direct Debt (\$6,610,000).....	0.10%
Total Overlapping Tax and Assessment Debt.....	2.48%
Combined Total Debt.....	2.58%

Source: HdL, Coren & Cone

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CITY OF LAFAYETTE

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

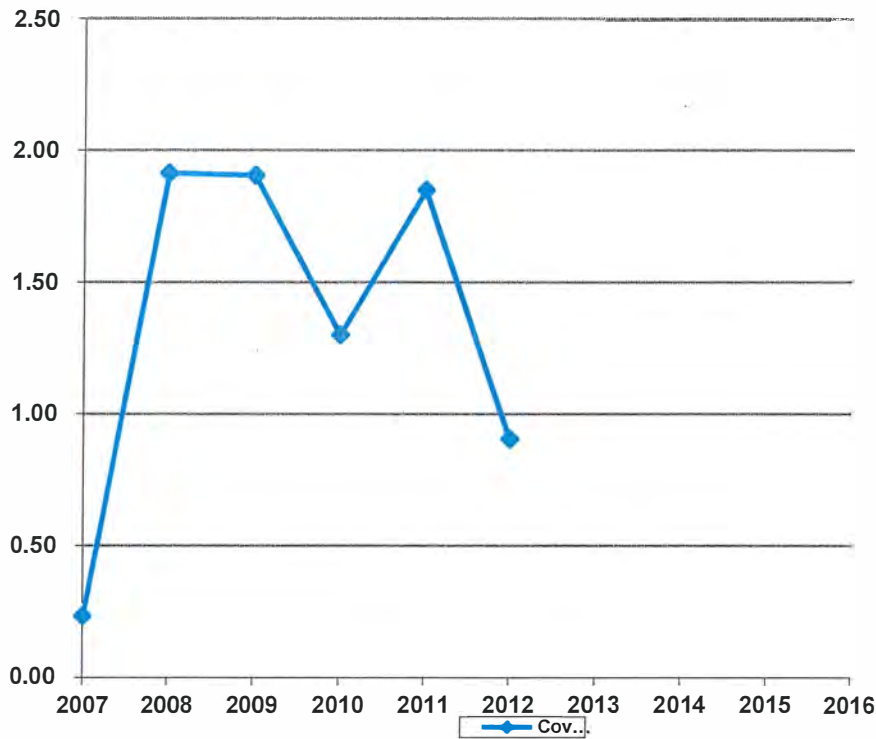
	<u>2007</u>	<u>2008</u>	<u>June 30, 2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$178,431,413	\$191,601,685	\$203,232,727	\$209,965,799	\$211,974,416
Total net debt applicable to limit	<u>9,555,000</u>	<u>9,255,000</u>	<u>8,885,000</u>	<u>8,530,000</u>	<u>8,155,000</u>
Legal debt margin	<u>\$168,876,413</u>	<u>\$182,346,685</u>	<u>\$194,347,727</u>	<u>\$201,435,799</u>	<u>\$203,819,416</u>
Total net debt applicable to the limit as a percentage of debt limit	5.4%	4.8%	4.4%	4.1%	3.8%

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). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the state's establishment of the limit.

Source: City Finance Department

		<u>June 30,</u>		
<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$210,444,124	\$212,831,365	\$225,310,387	\$242,806,843	\$261,503,297
<u>8,025,000</u>	<u>7,530,000</u>	<u>7,080,000</u>	<u>6,610,000</u>	<u>6,120,000</u>
<u>\$202,419,124</u>	<u>\$205,301,365</u>	<u>\$218,230,387</u>	<u>\$236,196,843</u>	<u>\$255,383,297</u>
3.8%	3.5%	3.1%	2.7%	2.3%

**CITY OF LAFAYETTE
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**



Fiscal Year Ended June 30	Tax Allocation Bonds			Coverage
	Tax Increment	Debt Service Principal *	Debt Service Interest *	
2007	220,439	100,000	837,374	0.24
2008	1,793,208	105,000	831,911	1.91
2009	2,186,914	190,000	957,803	1.91
2010	2,247,282	310,000	1,415,636	1.30
2011	3,216,617	335,000	1,403,939	1.85
2012	1,613,604	390,000	1,390,236	0.91
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-

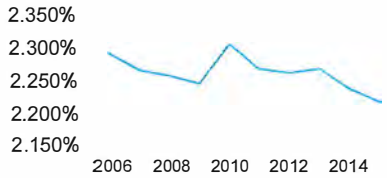
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

* The balance of the Tax Allocation Bonds was transferred to the Successor Agency as of February 1, 2012. Principal and interest payments are recorded through January 31, 2012.

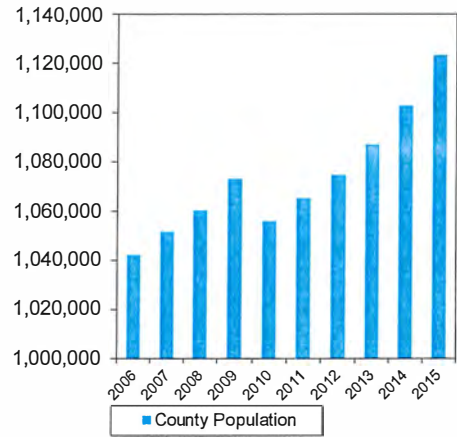
Source: City Finance Department

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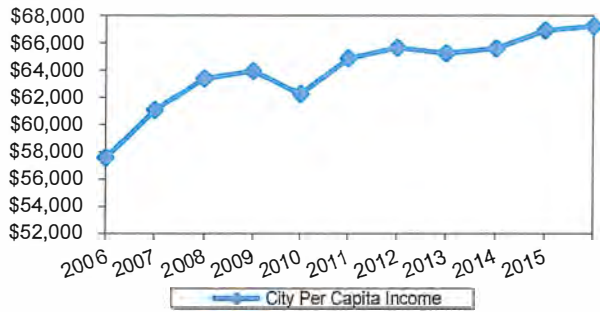
**CITY OF LAFAYETTE
DEMOGRAPHICS STATISTICS
LAST TEN FISCAL YEARS**



■ City Population as a % of the County



■ County Population



■ City Per Capita Income



■ City Unemployment Rate

Calendar Year	City of Lafayette Population (1)	Percent Change In Population	City of Lafayette Personal Income (2) **	City of Lafayette Per Capita Income(3)
2006	23,885	-1.1%	\$1,459,166	\$61,091
2007	23,830	-0.2%	\$1,511,220	\$63,417
2008	23,945	0.5%	\$1,531,384	\$63,954
2009	24,106	0.7%	\$1,501,084	\$62,270
2010	24,342	1.0%	\$1,579,285	\$64,879
2011	24,159	-0.8%	\$1,586,352	\$65,663
2012	24,312	0.6%	\$1,586,674	\$65,263
2013	24,659	1.4%	\$1,618,173	\$65,622
2014	24,690	0.1%	\$1,653,193	\$66,958
2015	24,924	0.9%	\$1,676,007	\$67,244

Source: (1) State of California Department of Finance

(2) Bureau of Economic Analysis/ State of California Franchise Tax Board

(3) State of California Employment Development Department

* Information was not available for 2009, 2010, 2011, 2012, 2013, 2014 and 2015

** In Thousands

City of Lafayette Unemployment Rates (3)	Contra Costa County Population (1)	Contra Costa County Per Capita Income (2)
1.5%	1,042,341	37,036
1.6%	1,051,674	38,074
2.2%	1,060,435	*
3.8%	1,073,055	*
4.1%	1,056,064	*
3.8%	1,065,117	*
2.5%	1,074,702	*
2.2%	1,087,008	*
3.4%	1,102,871	*
2.7%	1,123,429	*

**CITY OF LAFAYETTE
ANNUAL AVERAGE EMPLOYMENT
AND UNEMPLOYMENT RATES
LAST TEN FISCAL YEARS**

Calendar Year	City of Lafayette Labor Force	Annual Average Unemployment Rates		
		City of Lafayette Unemployment Rates	County Unemployment Rates	State of California Unemployment Rates
2006	*	1.5%	4.3%	4.9%
2007	*	1.6%	4.7%	5.4%
2008	*	2.2%	6.2%	7.3%
2009	*	3.8%	9.9%	11.2%
2010	11,200	4.1%	11.0%	12.2%
2011	11,300	3.8%	10.3%	11.7%
2012	11,500	2.5%	9.0%	10.4%
2013	11,700	2.2%	7.5%	8.9%
2014	11,900	3.4%	6.2%	7.5%
2015	12,100	2.7%	5.0%	6.2%

* Information was not available for 2006 through 2009

Source: State of California Employment Development Department

**CITY OF LAFAYETTE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO
June 30, 2016**

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lafayette School District *	429	3.55%	*	*
Whole Foods Market ***	215	1.78%	*	*
Lafayette Park Hotel & Spa ***	180	1.49%	*	*
Oakwood Athletic Club	159	1.31%	*	*
Diablo Foods ***	150	1.24%	*	*
Safeway Stores	130	1.07%	*	*
Acalanes High School *	120	0.99%	*	*
Trader Joes	80	0.66%	*	*
El Charro	72	0.60%		
Yankee Pier Restaurant	50	0.41%	*	*
McCaulou's Department Store **			*	*
Total Top Employers	1,585	13.10%		
Total City Employment (1)	12,100			

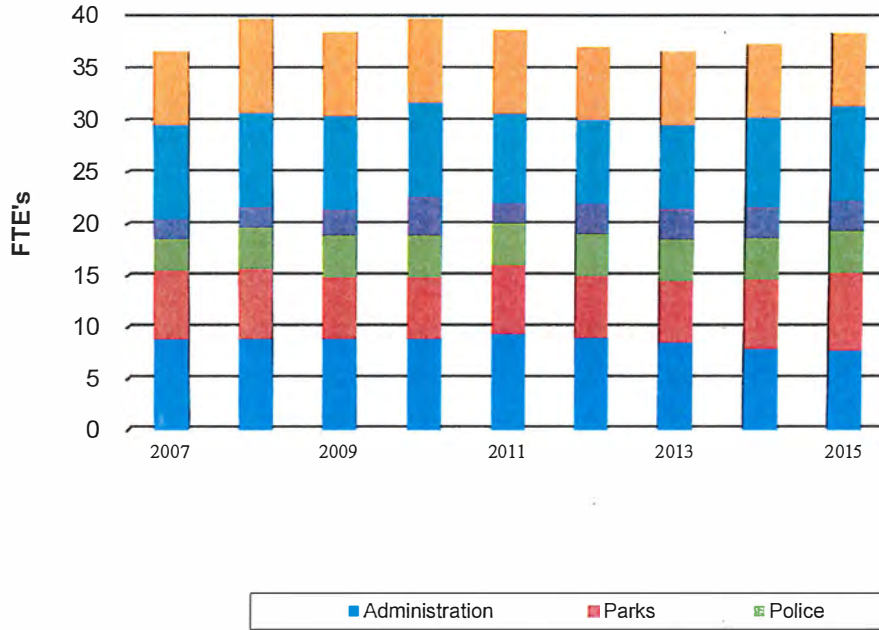
* Includes classified, certificated and admin.

** Count is companywide

*** Includes full and part time

Source: MuniServices, LLC

CITY OF LAFAYETTE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS



<u>Function/Program</u>	Full-Time Equivalent Employees as of June 30,									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administration	8.81	8.87	8.87	8.87	9.37	8.97	8.47	7.87	7.72	7.72
Parks	6.68	6.75	6.00	6.00	6.68	6.00	6.00	6.75	7.55	5.75
Police	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public works	2.00	2.00	2.50	3.75	2.00	3.00	3.00	3.00	3.00	6.00
Planning	9.00	9.00	9.00	9.00	8.50	8.00	8.00	8.60	9.00	9.00
Engineering	7.00	9.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00
Total	36.49	39.62	38.37	39.62	38.55	36.97	36.47	37.22	38.27	39.47

Source: Human Resources

Note: Contract employees, such as all of the sworn officers in the police department, are not included in this table.

CITY OF LAFAYETTE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN YEARS

(Departments track indicator data either by fiscal year or calendar year based on what is optimal for their operations. Data here represents indicator counts for a 365 day period, which is either January 1 through December 31 or July 1 through June 30.)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Function/Program</u>										
<u>Police</u>										
Total reports	*	*	*	*	*	*	*	*	1,526	1,798
Calls for service	*	*	*	*	*	*	15,760	16,519	16,049	18,580
% officer-initiated activity	*	*	*	*	*	*	*	*	37%	41%
Overall Part 1 crimes	*	*	*	*	*	*	441	496	404	548
# of residential burglaries	*	*	*	*	*	85	70	61	48	22
% of residential burglaries solved	*	*	*	*	*	*	*	*	33%	60%
<u>Public Works</u>										
Work requests (outside normal service)	*	*	*	*	*	*	*	285	210	365
Abatement issues	*	*	*	*	*	*	*	53	32	54
Curb painting	*	*	*	*	*	*	*	18	8	21
Sign installation, repair, replacement	*	*	*	*	*	*	*	61	53	98
Street repair	*	*	*	*	*	*	*	31	20	29
Tree/brush maintenance	*	*	*	*	*	*	*	6	9	20
<u>Engineering</u>										
Encroachment permits	*	*	*	*	*	380	385	465	466	564
<u>Recreation</u>										
Class enrollments	9,640	8,874	7,871	8,595	9,236	8,643	9,953	11,714	9,794	12,423
Senior transportation- rides provided	*	1,892	2,154	2,399	2,979	3,104	3,878	3,979	4,316	4,237
<u>Planning</u>										
Total applications processed	247	269	248	239	251	232	265	287	279	288
Design Review Permits	51	32	40	24	26	22	26	22	30	23
Hillside Development Permits	97	62	48	45	33	39	35	38	41	52
Variance Permits	28	27	21	2	10	21	15	12	14	15
Tree Permits	19	13	16	15	28	32	32	35	45	43
Code Enforcement Incidents	*	*	*	*	*	*	*	190	228	305

* No indicator data available because program did not exist or indicator was not tracked.

** Indicator data has not yet been tabulated because the period has not yet ended. (Tracks on the calendar year.)

Source: Various City Departments

**CITY OF LAFAYETTE
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>June 30,</u>			
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Police</u>				
Patrol vehicles	*	*	*	*
Traffic motorcycles	*	*	*	*
Dual sport motorcycles	*	*	*	*
All terrain vehicles	*	*	*	*
Equipment trailers	*	*	*	*
Speed trailers	*	*	*	*
Parking vehicles	*	*	*	*
<u>Public works</u>				
Vehicles	*	*	*	*
Streetlights	*	*	*	*
Traffic signals	*	*	*	*
Trellis lights	*	*	*	*
Landscape acreage	*	*	*	*
Trail miles	*	*	*	*
Pedestrian and advance warning signs	*	*	*	*
<u>Engineering</u>				
Vehicles	*	*	*	*
Streets (centerline miles)	*	*	*	*
<u>Recreation (incl. Sr. Transportation)</u>				
Vehicles	*	*	*	*
Parks acreage	*	*	*	*
<u>Planning</u>				
Vehicles	*	*	*	*

* No information available.

Source: Various City Departments

June 30,					
2011	2012	2013	2014	2015	2016
*	*	*	*	17	20
*	*	*	*	3	3
*	*	*	*	2	2
*	*	*	*	*	1
*	*	*	*	4	4
*	*	*	*	2	2
*	*	*	*	4	3
*	*	*	*	10	11
*	*	*	*	458	458
*	*	*	*	24	24
*	*	*	*	60	60
*	*	*	*	7	7
*	*	*	*	10	10
*	*	*	*	*	16
*	*	*	*	7	6
*	*	*	*	93	93
*	*	*	*	3	3
*	*	*	*	80	80
*	*	*	*	3	3

CITY OF LAFAYETTE
MISCELLANEOUS STATISTICAL DATA
June 30, 2016

Year of Incorporation	1968
Form of Government	General Law
Population	24,924
Median Age	44.2
Median Household Income	\$136,802
Registered Voters	16,117
Area in Square Miles	15.39
Number of Authorized Full-Time Equivalent City Employees	39.47
Miles of Streets:	
Public Miles	93
Private miles	43
Fire Protection:	
Contra Costa Fire District	
Number of Stations	2
Police Protection:	
Number of Stations	1
Number of Contracted Sworn Personnel	17
Education:	
Elementary Schools	4
Middle Schools	1
High Schools	1
Libraries: (Contracted with Contra Costa County)	
Number of Libraries	1
Recreation and Culture:	
Park Sites	4
Park Acreage	80
Community Facilities:	
Lafayette Community Center	1

Source: Various City of Lafayette Department Records