

**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2017**

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**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For The Year Ended June 30, 2017

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Lafayette, California

In planning and performing our audit of the basic financial statements of the City of Lafayette as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
November 15, 2017

**CITY OF LAFAYETTE
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SCHEDULE OF SIGNIFICANT DEFICIENCIES

2017-01 Review of Changes to Vendor Database

Criteria: Employees who have access to the cash disbursement module should not also have the ability to edit the vendor database. Good internal controls require that employees with access to the City's assets not have access to the City's accounting records for the same assets.

Condition: During our examination of the City's disbursement procedures we noted that one employee that has access to the accounts payable module also can edit the vendor database. In addition, there is currently no review performed of changes made to the vendor database. Although the Administrative Services Director reviews the check run, the report she reviews only shows the vendor field but not the payee field to which the checks are made.

Cause: The size of the City's staff makes it difficult to segregate the duties of disbursement process and vendor database management. In addition, the City was not aware that a review of the vendor database changes was necessary.

Potential Effect: The above condition exposes the City to the risk of phantom vendors and unsubstantiated disbursement transactions.

Recommendation: If the segregation of duties between disbursement process and vendor database maintenance is deemed impossible due to the size of City staff, a system-generated report that shows changes to the vendor database should be reviewed periodically by an employee who does not have access to the database. Alternatively, a column should be added to the report that the Administrative Services Director reviews, for check runs, to show the payees of the checks.

Management Response: Segregation of duties between the disbursement process and vendor database maintenance is not possible due to the size of City staff. In order to address the risk of phantom vendors and unsubstantiated disbursement transactions, staff proposed to include the Vendor ID and Vendor Name (or payee) on the Unposted General Ledger Transactions – AP CHECKS report that is reviewed by the Financial Services Manager and the Check/Voucher Register, which is reviewed by the Administrative Services Director. As part of their reviews, the Manager and Director will make sure that the vendor names are consistent with the invoice being paid. These changes have been put in place.
Recommendation implemented

2017-02 Internal Controls Over Cash Receipts

Criteria: All cash receipts collected should be accounted for using pre-numbered receipts.

Condition: The City's front desk area takes in cash receipts for three departments (Administration, Planning & Building, and Engineering). During our examination of the City's cash receipts procedures in the front desk area, we noted that although a 3-part manual receipt book is used, the City does not log all revenue received in the manual receipt book. For some charges that require extensive calculations, an Excel spreadsheet will be attached to the revenue collected instead of a pre-numbered cash receipt. The Excel spreadsheet and the amount received are then placed in the in-box of the Accountant who inputs the data into the City's general ledger and perform cash receipts reconciliation at the end of the day.

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SCHEDULE OF SIGNIFICANT DEFICIENCIES

Cause: The current processes have evolved over time as different departments established the collection of their fees.

Potential Effect: As part of the daily cash receipts reconciliation, the Accountant accounts for the numerical sequence of the cash receipts and ensures that the total revenue per receipt book equals to the revenue collected. However, for receipts that are not logged in the receipt book, there is a risk that cash receipts do not get into the Accountant's inbox, thus not getting input into the City's general ledger.

Recommendation: Since there is already a 3-part manual receipt book in used and a reconciliation process in place, the City should make sure that all cash receipts collected at the front desk area are logged in the receipt book.

In addition, on a monthly basis, general ledger revenue reports should be given to department heads so that they can verify if all revenues have been captured by the City's financial system.

Management Response: Staff is working with the financial system vendor to explore what options there are for integrated cash receipting.

Receipt numbers are not currently issued when the "AR Form" (Excel spreadsheet) is used for some Planning payments. To address consistent use of pre-numbered receipts, staff proposes that going forward, a manual cash receipt form will be attached to each of these so that it may be referenced with a receipt number in the future. In addition, a sign will be installed at the front counter notifying customers that "You should receive a receipt (insert image of cash receipt form) with each transaction."

To address the issue of receipt tracking, staff proposes that the blank pre-numbered cash receipts be maintained in the Finance office. A 3-part manual receipt is currently used wherein one part goes to the customer, one part to Finance and one part stays with the department. Front counter staff using the forms will "check out" a range of cash receipts and return the department copy before "checking out" another batch. When the department copies are returned, Finance staff will verify that copies of all receipts are returned. If receipts are missing, this will be noted on the log and researched by Finance staff with the respective department.

Given that the revenue streams under review are highly sporadic, department head review of general ledger revenue reports may not be an effective way of ensuring that all revenues are captured by City's financial system. Instead, staff proposes that periodically, Finance staff will also spot check several receipts in the returned range of receipts to verify that the revenues were posted in the financial system.

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SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next two years. We have cited them here to keep you abreast of developments:

Effective in fiscal year 2017-18:

GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

GASB 81 – Irrevocable Split-Interest Agreements

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB 85 – Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB 86 – Certain Debt Extinguishment Issues

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

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SCHEDULE OF OTHER MATTERS

Effective in fiscal year 2018-19:

GASB 83 - Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

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CURRENT STATUS OF PRIOR YEAR MATERIAL WEAKNESS

2015-01 Super-User Rights

Criteria: A system super-user is an individual who has full access over the City's financial system including all modules and all functions. This type of access should be limited to as few people as possible. If possible, super-user rights should be removed from Finance Department staff completely.

Condition: During our interim audit, we noted that three Finance employees (the Financial Services Manager, the Accountant, and the Accounting Assistant) have super-user rights. In addition, they have access to the following areas:

- **Cash and investments:** the Financial Services Manager is the primary reviewer of accounting transactions. In addition, she can authorize investment and trustee transactions. She is also responsible for reconciling investment accounts to general ledger and preparing investment summary for Council.
- **Cash receipts:** the Accountant and Accounting Assistant have access to cash and loan receipts, NSF checks and customer database. Currently, data changed in the customer database are automatically imported into the general ledger. All voided receipts have to be run through the accounts payable module. However, there still exists a risk that cash receipts are intercepted before they get into the system.
- **Disbursements cycle:** all three super-users have access to the accounts payable module and vendor database. They also have access to disbursement blank check stock and 1099 forms. In addition, the Finance Services Manager verifies check registers with the supporting documents.
- **Payroll cycle:** all three super-users have access to the payroll module and human resources database. They also have access to payroll blank check stock and unclaimed paychecks. In addition, the Finance Services Manager reviews payroll registers.

Cause: The City has not reviewed the access log. Therefore, they are not aware of the extent of access employees have within the accounting system. In addition, due to the small size of City staff, the City feels that certain duties cannot be further segregated.

Potential Effect: This condition does not permit for good checks and balances to be performed by multiple employees.

Recommendation: The City should review the necessity of granting any employee the super-user rights to the financial system. For any module within the financial system that these employees do not need to edit, their access should be limited to read-only. If this is deemed impossible due to the size of the City staff, the City should consider implementing the following controls:

- The employee who reconciles the investment and trustee accounts should not be able to authorize transactions in those accounts.
- Staff that handles cash receipts should not be able to alter data in the customer database. Alternative, the Administrative Services Director should review exception reports generated by the system that show all voided receipts and adjustments made to the customer database.
- We understand that the Administrative Services Director currently reviews check register and certain payroll run data. As part of the review, she should also review the following:

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CURRENT STATUS OF PRIOR YEAR MATERIAL WEAKNESS

- Check logs of both disbursements and payroll checks to ensure that no manual checks were written without her approval since the last payroll or check run she reviewed.
- Exception reports generated by the system that show changes made to the vendor database and human resources database during the period. Special attention should be paid to any new employees or vendor, and any changes made to the employees who have access to the payroll or disbursement modules, human resources or vendor database.
- For every payroll run, select a sample of employees from the payroll register to verify for their existence and accuracy of pay.
- For every check run, select a sample of payments from the check register to verify their validity.

Current Year Status:

- ***Cash and investments:*** Recommendation implemented.
- ***Cash receipts:*** Recommendation implemented.
- ***Disbursements cycle:*** See Significant Deficiency 2016-01.
- ***Payroll cycle:*** See Significant Deficiency 2016-01.

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STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

2016-01 Super-User Rights

Criteria: A system super-user is an individual who has full access over the City's financial system including all modules and all functions. This type of access should be limited to as few people as possible. If possible, super-user rights should be removed from Finance Division staff completely.

Condition: During the fiscal year 2014-15 audit, we found the following control deficiencies. During the current year audit, we followed up on their status and noted that they have not been mitigated.

- **Disbursements cycle:** the current super-user and two accounting staff have access to the accounts payable module and vendor database. They also have access to disbursement blank check stock and 1099 forms. In addition, the Financial Services Manager verifies payment requests with the supporting documents and the Administrative Services Director reviews the final AP check register.
- **Payroll cycle:** the current super-user and two accounting staff have access to the payroll module and human resources database. They also have access to payroll blank check stock and unclaimed paychecks. In addition, the Financial Services Manager reviews the calculated check register prior to payment and the Administrative Services Director reviews the final payroll check register.

Cause: Due to the small size of City staff, the City feels that certain duties cannot be further segregated.

Potential Effect: These conditions do not permit for good checks and balances to be performed by multiple employees.

Recommendation: The City should review the necessity of granting any employee the super-user rights to the financial system. For any module within the financial system that these employees do not need to edit, their access should be limited to read-only.

Current Status: Access has been revised with the following user groups: Admin, Admin only, Accounting, and Reporting. The Financial Services Manager is the only member of "Admin", which has process and administrative access. The Administrative Services Director is the only member of "Admin only", which has administrative access, but no processing rights. "Accounting" members are the Accountant and Accounting Assistant whose access is limited to process only. The "Reporting" group is made up of non-finance staff who have the ability to only run and edit reports. Staff feels that these changes segregate access as much as possible at this time.

In addition, per auditor recommendations, the City has implemented a process to monitor voucher and check numbers, as well processes for random review of Payroll and Accounts Payable validity.

Recommendation implemented.

2016-02 Controls over Cash Receipts Process

Criteria: Good internal controls require that employees with access to the City's assets not have access to the City's accounting records for the same assets.

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STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

Condition: In our fiscal year 2014-15 audit, we noted the following significant deficiency. Details of this deficiency are listed further on in this section. This deficiency has not been mitigated in current year:

- 2015-02 Controls over Cash Receipts Process

Cause: Our Memorandum on Internal Control and Required Communication for fiscal year ended June 30, 2015 was issued in March 2016. Although an action plan was drafted by City staff by June 2016 to address our recommendations, the City did not have enough time to implement the plan by the end of the fiscal year.

Potential Effect: As a result, we consider the above deficiencies to be significant deficiencies in current year.

Recommendation: The City should implement our recommendation as soon as possible.

Current Status: Consistent with the auditor's recommendations on 2015-02, checks are immediately endorsed when received by front desk staff, exceptions in ActiveNet are periodically reviewed, and processes for the handling of Accounts Receivable and the review of Cash Receipting have been established.

Recommendation implemented.

2016-03 Policy for the Controls of Receipts at Senior Transportation Program

Criteria: The following are some of the essential procedures in maintaining good internal controls in a cash collection site:

- Procedures should be established for handling cash collection, including a formal record keeping system to track service provides versus revenue received.
- Cash receipts collected should be processed on a timely basis.
- All complaints in regards to customer accounts should be deferred to an employee who is not involved with processing cash receipts.
- Duties of the cash collection cycle should be segregated.

Condition: During our audit, we performed a cash collection site visit at the Senior Transportation Program. We found the following:

- There does not appear to be any formal procedures in place for the cash collection process.
- While some customers pay in advance by sending in payments or paying in the City's office, others pay the drivers directly at pick up. When the fares are directly given to the drivers, the drivers turn in the money and records to the Transportation Program Manager at the end of their shifts for reconciliation.
- While cash received are stored securely, it is given to the Parks, Trails & Recreation Department only on a semi-monthly basis.
- Customer complaints are handled by the Transportation Program Manager, who takes in payments, processes the receipts, and keeps track of customer accounts.
- As of June 2016, some customer accounts carried credit (i.e. negative) balances.

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STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

Cause: During fiscal year 2016, the City took in \$23,192 in riders' fare for this program, while incurring expenditures of \$161,000. Due to the small amount of revenue involved, the City does not have formal procedures to address the cash collection practice of this program. In addition, due to lack of staff in this program, the City believes that segregation of duties may not be feasible.

Recommendation: The City should establish formal procedures to address cash collection of this program. In these new procedures, the City needs to maintain a tracking system to ensure that all services provided are paid for. For example, the City can use a punch card or voucher system in which riders are required to pay the fare in advance. This will eliminate the risk of cash collected during the ride but not reported to the City, as well as negative balances in customers' accounts. In addition, cash receipts collected should also be submitted to the Parks, Trails & Recreation Department at least weekly. There should also be a second employee who reviews the cash reconciliation performed by the Transportation Program Manager. This second employee, who has no access to the customer accounts, should also be responsible for handling customer complaints.

Current Status: The Financial Services Manager worked with the Transportation Program Manager and the Parks, Trails and Recreation Director to develop and implement procedures addressing each of the conditions identified above. Procedures with strong internal controls are now in place and continue to be monitored.

Recommendation implemented.

2015-02 Controls over Cash Receipts Process

Criteria: Good internal control dictates that one employee should not have access to records used to maintain related assets. Good internal control further dictates that another employee should be involved in the records or assets so that they provide good check and balance. In a cash receipt cycle, the following controls should be maintained:

- Endorsement of checks for deposit should be performed immediately upon receipt.
- Voiding of cash receipts should be performed or approved by someone who does not have access to cash receipts.
- Daily cash receipt reconciliations should be reviewed by an employee other than the preparer.
- A policy should be established to provide guidelines as to when and how uncollected receivables should be written off.

Condition: During our audit, we noted the following conditions in the City's cash receipts cycle:

- One employee in the City is responsible for endorsing all checks received, approving voided receipts, reconciling cash receipts to the City's system, preparing and making bank deposits, as well as reconciling the bank accounts to the City's records. While the bank reconciliations are reviewed by the Financial Services Manager, none of this employee's other duties mentioned above are reviewed by another employee.
- At the cash collection site of the Parks and Recreation Department, the cashiers can void receipts in the E-Trac software without approval by a second employee.
- The City does not have a policy to provide guidance for the treatment of uncollected accounts.

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STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

Cause: Due to the small size of City staff, the City feels that certain duties cannot be further segregated. For the Parks and Recreation Department cash collection site, it was not part of the City's procedures to require approval for the voiding of cash receipts. In addition, since the City does not write off any accounts receivable, no formal policy has been implemented for accounts write off.

Potential Effect: Without the involvement of a second employee reviewing cash collections, there is a potential risk that collections may be intercepted. Without a proper audit trail and review of the voided transactions, the City is exposed to the risk of cash receipts interception. Without a set policy that addresses the treatment of the uncollectible, fund balance can be overstated. Receivables that have been outstanding for a long time can also be an indication of undetected cash receipts interception.

Recommendation: We recommend the following:

- Checks received by front desk staff should be immediately endorsed with City's stamp upon receipt.
- The person who reconciles cash receipts should not also have the ability to void receipts in the system. In addition, an employee, who does not have access to cash receipts, should perform or review the voiding of cash receipt transactions.
- Daily cash receipt reconciliations should be reviewed by a second employee. The review should be physically indicated via sign off on the reconciliation.
- Once a deposit is made, an employee who did not make or prepare the deposit should match the amount deposited to the bank to the amount shown on the cash reconciliation previously reviewed by a second employee.
- A policy should be created to address the treatment of receivables over ninety days.

Current Year Status: See Significant Deficiency 2016-02.

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STATUS OF PRIOR YEAR OTHER MATTERS

2016-04 Physical Evidence of Review

Criteria: The Quarterly Financial Report should be reviewed consistently and timely by someone other than the staff that prepared the report. To maintain an audit trail of such review, physical documentation, such as a signature and date, of the preparer and reviewer should be indicated on such reports.

Condition: During our review of the City's March 31, 2016 Quarterly Financial Report we noted that there was no physical evidence indicating a review of the Report had taken place.

Cause: The City was unaware that such control should be in place.

Potential Effect: Without physical trial of a review, the City cannot monitor if such control activity has occurred. As a result, there is an increased risk of error, improper accounting treatments, and potential fraud.

Recommendation: We recommend the City implement procedures to require the reviewer to initial and date the Report when a review takes place.

Current Status: Starting with the City's June 30, 2016 Quarterly Financial Report, the Administrative Services Director reviews, initials and dates each report before it is submitted for inclusion in the Council packet. This practice remains in place.

Recommendation implemented.

2015-05 Compliance with Administrative Regulations

Criteria: Per City Administrative Regulations, Number 601.1, "No request for goods, supplies, equipment, or services shall be submitted by a Department Head nor shall the Purchasing Agent process either a purchase order or a request for payment unless there is an encumbered appropriation in the fund account against which said purchase is to be charged." However, under the same section, there is a provision for "Procedure for Requesting Payment, Other Than by Purchase Order."

Condition: The above section of the City's Administrative Regulations appears to have conflicting information. In practice, the City does not use purchase orders.

Cause: The City is understaffed and believes that it has found more efficient ways to obtain the proper approvals of disbursements from various departments without using purchase orders.

Potential Effect: Written policies are meant to provide guidance for City staff. Conflicting information in a policy defeats that purpose.

Recommendation: We recommend that City Council clarify their Administrative Regulations. The Regulations should either be followed or updated to reflect the City's current practice. If purchase orders are not being used, the City should find an alternative procedure to ensure that departments only make financial commitments to the extent that the adopted budget permits.

Current Year Status: Recommendation implemented.

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STATUS OF PRIOR YEAR OTHER MATTERS

2015-06 Review of Deposits Payable Balances and Accounts

Criteria: To ensure that the refundable deposits balance in the City's books is accurate, details of deposits should be reviewed on a regular basis. Additionally, refunds of customer deposits should be reviewed by another employee before a check is issued. Documentation of such review and approval should be noted on the Payment Request Form.

Condition: During our review of refundable deposits, we noted two accounts with debit (negative) balances of \$2,500 each. Upon further inquiry with City staff, it was noted that for one of the debit balances, the City recorded a refund of customer deposit to the wrong account. For the other debit balance, City staff erroneously entered the refund twice. The original refund of this account was issued without approval by a second employee.

Cause: The errors are due to staff oversight. The first debit balance mentioned above was due to an oversight of City staff in recording the customer deposit refund. For the second debt balance, customer deposits are recorded and tracked in the general ledger by account number, which is specific to each customer. A customer may have multiple account numbers applicable to deposits for various projects. Similarly, in the City's vendor database, customers are set up under various Vendor ID numbers, but coded under one account number. The error occurred when the City refunded a customer deposit twice due to the customer's account number being applied to the same vendor using two different vendor IDs.

The existent of debit balances of deposits is due to the fact that the City does not conduct periodic review of the deposits detail.

Potential Effect: Without periodic review of the account detail and proper approval of refunds, error and mistakes may not be identified timely.

Recommendation: We recommend the City review its refundable deposits accounts and vendor database to condense the record of customer deposits into one system with the same ID for each customer. Additionally, the City should assign an employee to approve requests before issuing refunds of customer deposits.

Current Year Status: This continues to be an area in which more work is needed. Staff anticipates that in FY18 Planning, Engineering, and Finance will be able to coordinate on this project in order to clean-up old balances and have a process to regularly review these accounts going forward.

2015-07 Capitalization Policy

Criteria: The City should have a formal capitalization policy in place that clearly describes capitalization practices including capitalization thresholds for assets and useful lives of assets.

Condition: The City's current practice is to capitalize assets that are over \$5,000 and with five or more years of useful lives. However, no formal policy is in place.

Cause: The City was unaware that a formal policy should be in place.

Potential Effect: Without written procedures, the current practice of the City is passed along among staff verbally. If there is a staff turnover, information may not be retained.

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STATUS OF PRIOR YEAR OTHER MATTERS

Recommendation: We recommend the City adopt a formal capitalization policy which clearly describes capitalization practices including capitalization thresholds for assets and useful lives of assets.

Current Year Status: Staff has drafted a Capitalization Policy that will be adopted with the next update to the Administrative Regulations.

Recommendation implemented.

2015-08 Information System Review

We conducted an Information Systems Review with our audit which encompassed the financial information system and the network environment that houses it. Internal controls that are present in the overall network environment have become more important and relevant to understanding the internal controls over the financial system. We believe Information System controls must be continuously improved and enhanced to stay ahead of the ever increasing sophistication of hackers and criminals.

Currently, there are no Information Systems standards to which local governments are required to conform. Indeed there are a wide variety of informal guidelines and suggested controls from many different organizations which local governments can use to implement appropriate controls to ensure adequate security over information technology. A voluntary risk-based Cybersecurity Framework has been developed by the National Institute of Standards and Technology (NIST) per Presidential Executive Order 13636 (12 FEB 2013). The *Framework for Improving Critical Infrastructure Cybersecurity* version 1.0 (12 FEB 2014) offers a number of appropriate standards. Our Information Systems auditors have reviewed the voluntary framework and concluded that the risk management framework developed by NIST for the Federal Information Security Management Act (FISMA) is the most appropriate for local governments¹. The NIST risk management framework represents the minimum security requirements for federal government agencies and recommends these controls for private industry and state and local governments.

While reviewing the City's information system, we noted a few areas that could be improved. A summary of these recommendations which we believe are "best practices" are as follows:

Audit/Event Logging

The City does not appear to have audit logs on the financial application server, such that any change, addition or deletion of user accounts within the application are tracked and monitored. This may be due to a limitation of the software; however, this is a vital control. The City should have audit/event logs of any addition, deletion or change in financial application user accounts and that log should be monitored by someone without the rights to effect such changes. In addition, any administrative access such as upgrades or application modifications by IT personnel, outside consultants or vendors should also be logged and reviewed.² The City should contact Abila support to determine if audit logging is possible or if it can be added on.

¹ "State, local, and tribal governments, as well as private sector organizations are encouraged to consider using these guidelines, as appropriate." NIST SP 800-37 Rev 1 pg 11

² For more information on Audit/Event log management see NIST SP 800-92 Guide to Computer Security Log Management.

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STATUS OF PRIOR YEAR OTHER MATTERS

Patch and Vulnerability Management

Our scans indicate the City's information systems have numerous vulnerabilities, which may be due in part from a lack of patch management, vulnerability scanning, or configuration management. While these vulnerabilities do not directly affect the financial reporting of the City, they do present an unnecessary risk to the City's information systems. The City should develop a patch and vulnerability management program. "Patch and vulnerability management is a security practice designed to proactively prevent the exploitation of IT vulnerabilities that exist within an organization. The expected result is to reduce the time and money spent dealing with vulnerabilities and exploitation of those vulnerabilities. Proactively managing vulnerabilities of systems will reduce or eliminate the potential for exploitation and involve considerably less time and effort than responding after exploitation has occurred."³ For guidance on implementing effective patch and vulnerability management see NIST SP 800-40 Ver. 2 *Creating and Patch and Vulnerability Management Program*.

Password Management on the Financial Application

The City does not enforce regular password changes or require the use of complex passwords for users on the financial application. There should be a written policy for the regular changing of financial system account passwords and the use of complex passwords for users. An automatic enforcement of this policy would be optimum. There should be enforced password complexity for the financial system to reduce the risks of easy guessing and brute force attacks against the passwords. Required use of unique alpha numeric and special character combinations along with a password length of at least 8 characters is optimum. There should be a policy that requires a limit on repeating financial system account passwords. This will stop users from circumventing password change controls. An automatic enforcement of this policy would be optimum. Users should not share passwords with other users nor use password easily guessed by other users.

Session Locks

The City does not have session locks turned on for the financial application or the workstation operating systems. A session lock is a temporary lockout of the operating system or financial application when a user stops work and typically moves away from the immediate physical vicinity of the computer. Generally, employees may leave their workstation for lunch or break and not log off or log out of the application. This leaves the operating system or financial application open and available to any passerby. Any person with physical access would be able to perform any tasks the absent user has privileges or rights to do. At the very least workstations should be set to lock out the workstation after a period of inactivity. Best practice would be to have both the operating system and financial application have lockouts after a period of inactivity.

Current Year Status: The Administrative Services Director and the Financial Services Manager continue to work on addressing the conditions identified above.

³ NIST SP 800-40 Ver. 2 Creating a Patch and Vulnerability Management Program

REQUIRED COMMUNICATIONS

To the City Council of
the City of Lafayette, California

We have audited the basic financial statements of the City of Lafayette for the year ended June 30, 2017. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards*.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncements became effective, but did not have a material effect on the financial statements:

- GASB 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- GASB 74 - *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*
- GASB 77 - *Tax Abatement Disclosures*
- GASB 80 - *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*
- GASB 82 - *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements was (were):

- *Management's estimate of the depreciation:* is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- *Estimated Fair Value of Investments:* As of June 30, 2017, cash and investments were measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2017. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2017.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 15, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information which accompany the financial statements, but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of City Council and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
November 15, 2017

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**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



CITY OF LAFAYETTE

CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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City of Lafayette, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**Prepared by
The Administrative Services Department**

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CITY OF LAFAYETTE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2017

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City Council

Mike Anderson, Mayor
Don Tatzin, Vice Mayor
Cameron Burks, Council Member
Mark Mitchell, Council Member
Ivor Samson, Council Member

December 11, 2017

To: Lafayette City Council
From: Tracy Robinson, Administrative Services Director
RE: Fiscal Year 2016-17 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Lafayette for the fiscal year ending June 30, 2017 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, 2017. 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 2016-17. 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 25,041. 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 control, 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 40.12 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	27 years
Tracy Robinson	Administrative Services Director	17 years
Tony Coe	City Engineer	23 years
Jonathan Katayanagi	Parks & Recreation Director	1 year
Mike Moran	Public Works Director	3 years
Joanne Robbins	City Clerk	23 years
Niroop Srivatsa	Planning & Building Director	23 years
Jennifer Wakeman	Financial Services Manager	4 years
Eric Christensen	Chief of Police, County (contract)	6 years
Mala Subramanian	City Attorney, BB&K (contract)	10 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

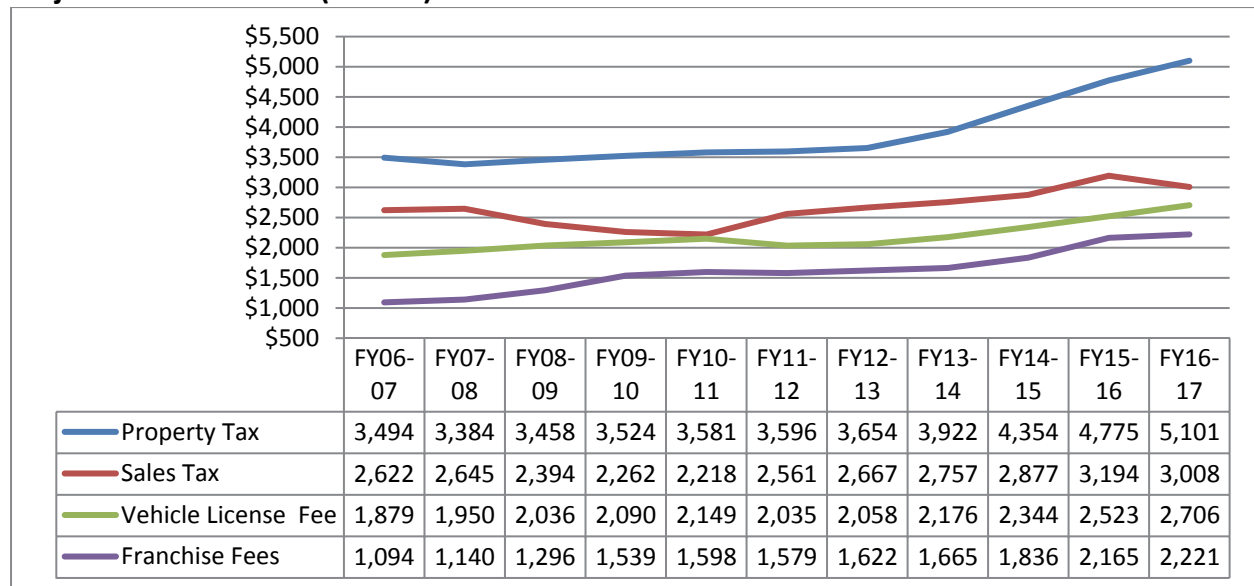
Local Economy

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 2017, unemployment in Lafayette was 2.1% compared to 3.9% for the County and 5.1% for the state. The median household income is \$137,895, which compares to \$61,818 for the State. The median sales price of homes in Lafayette as of November 2017 was \$1,346,000. 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. Most primary sources of revenue are at all-time highs except for sales tax which dipped slightly due to the unwinding of the State's "triple flip". 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, 2017, 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, 2017, \$9.98M or 73% is designated for this purpose. This represents a slight decrease over the prior year primarily to the acquisition of a master lease and renovations for new Police Offices.

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 failed road backlog down to less than \$2M. 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 FY2017-18 capital program anticipates \$3.3M in road-related projects. The City estimates that by the end of FY 2018-19, 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 complete the relocation of its Police services to the new building that was acquired last year. The total cost of relocation including the cost of buying the master lease is expected to be \$2.7M. The City's current reserves are enough to cover this cost and still remain only slightly below 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.

With an increase of \$400K over the annual capital contribution of \$1M annually, the City will be able to finish the backlog of road repairs over the next 2 years. The City expects to be able to maintain all public roads going forward using established revenue sources.

Although the City's reserve will dip to a low of 8.9M in FY17-18 which is slightly below the 60% target, it will again start to increase each year after again projected to reach over \$10M by FY21-22.

It is the Council's policy to adopt a balanced budget each year with conservative estimates of revenue and expenses. For FY17-18, the 5-year forecast uses revenue growth of 2% and expense growth of 4% which are neither overly optimistic nor pessimistic. 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, 2016. This was the second straight 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, 2017

MAYOR

Mike Anderson

Term Expires November 2020

CITY COUNCIL

Don Tatzin, Vice Mayor
Term Expires November 2018

Cameron Burks, Council Member
Term Expires November 2020

Mark Mitchell, Council Member
Term Expires November 2020

Ivor Samson, Appointed Council Member
Term Expires November 2018

CITY MANAGER

Steven B. Falk – 27 years of service

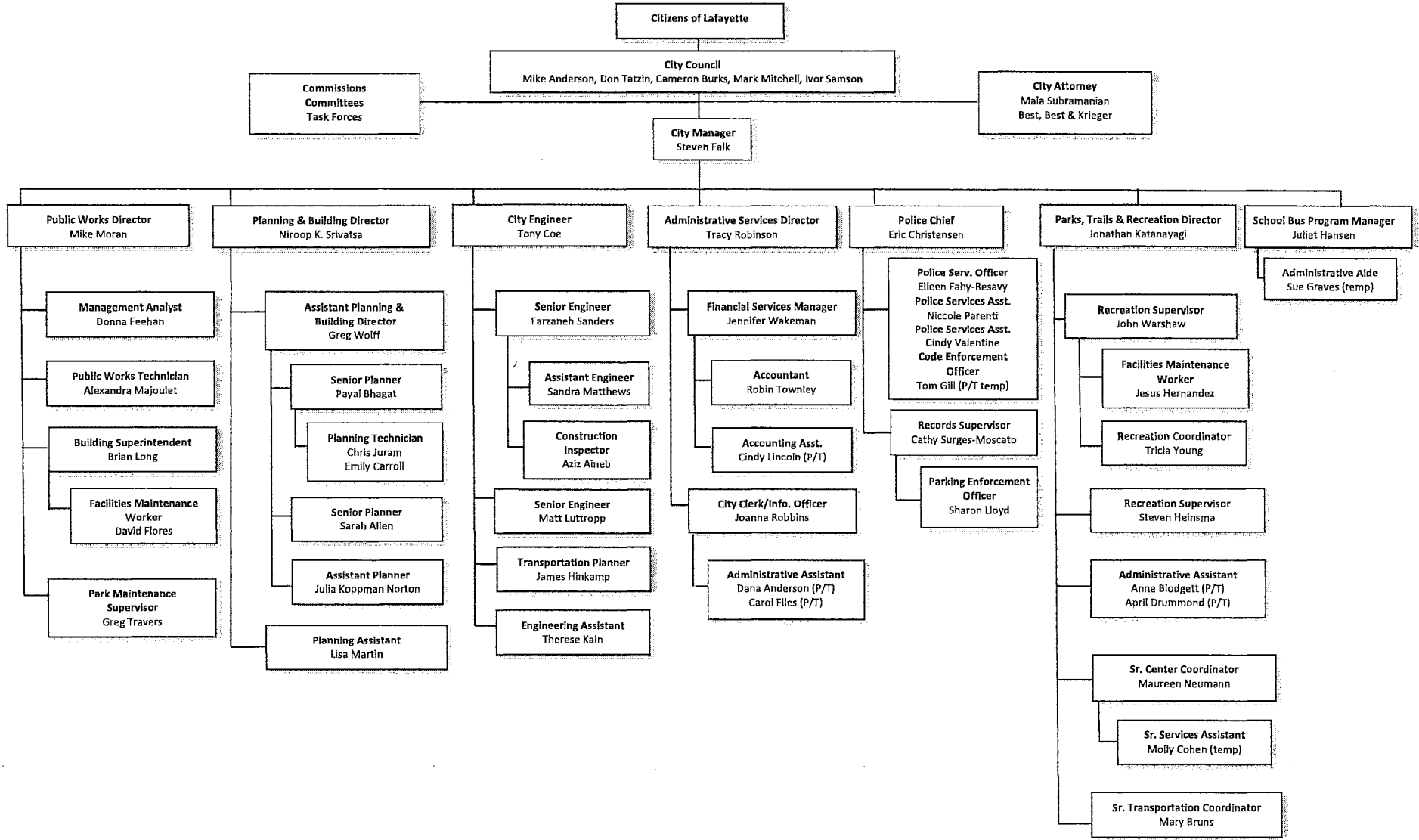
ADMINISTRATIVE SERVICES DIRECTOR

Tracy Robinson – 17 years of service

FINANCIAL SERVICES MANAGER

Jennifer Wakeman – 4 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 925.284.2732
 Email: FirstInitialLastName@lovelafayette.org

October 2017



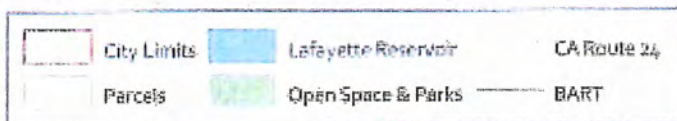
City of Lafayette

Briones Regional Park

Walnut Creek

Orinda

Moraga





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, 2016

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2107, 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 15, 2017

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CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2017

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, 2017. 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 \$134,951,826 (*net position*). Of this amount, \$26,860,110 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 \$2,649,287 compared to the net position at the end of last fiscal year. The unrestricted portion of the City's net position increased by \$1,631,216 compared to the unrestricted portion 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 \$31,221,598, a decrease of \$2,277,474 in comparison with the prior year. Of the governmental funds reported combined fund balances, \$9,120,009 (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 \$13,019,682, or approximately 102% 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 \$4,835,000.

Explanations of the key terms referenced here are provided further on in this report and within the context of the statements in which they are found.

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, 2017

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 19-21 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. 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, 2017

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), Shared Equity (30), Library Operations (37), and Insurance (76).
- Parking Programs Fund includes only Parking Programs (32).
- Public Facilities Fund includes only Public Facilities (16).
- Streets & Signals Fund includes only Streets & Signals (14).
- 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).
- Other Governmental Funds include: Vehicle Abatement (34), Senior Transportation (36), Low and Moderate Income Housing (38), Gas Tax (71), Measure J Return to Source (72), Supplemental Law Enforcement (73), Street Lighting (51), Core Area Maintenance (52), and Storm Water Pollution (53).

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 24-30 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 32-34 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.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2017

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 36-37 of this report.

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 68)

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 92-134)

Government-wide Financial Analysis

The largest portion of the City's net position (77%) is the net investment in capital assets of \$103,942,613. 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 (20%) is the unrestricted portion of \$26,860,110. 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 \$4,149,103 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, 2017

Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Cash and investments	\$ 13,046,040	\$ 13,891,920	\$ 641,793	\$ 270,877	\$ 13,687,833	\$ 14,162,797
Other assets	22,410,655	22,578,271	280,266	622,421	22,690,921	23,200,692
Capital Assets	108,777,613	105,261,344	-	-	108,777,613	105,261,344
Total assets	144,234,308	141,731,535	922,059	893,298	145,156,367	142,624,833
Liabilities						
Accounts payable & accrued liabilities	2,391,122	1,090,528	30,563	21,476	2,421,685	1,112,004
Refundable deposits	766,413	884,830	21,313	21,606	787,726	906,436
Due to other funds	988,107	888,037	-	-	988,107	888,037
Long-term debt	4,835,000	6,120,000	-	-	4,835,000	6,120,000
Other liabilities	779,492	878,289	392,531	417,528	1,172,023	1,295,817
Total liabilities	9,760,134	9,861,684	444,407	460,610	10,204,541	10,322,294
Net position						
Net investment in capital assets	103,942,613	99,141,344	-	-	103,942,613	99,141,344
Restricted	4,149,103	7,932,301	-	-	4,149,103	7,932,301
Unrestricted	26,382,458	24,796,206	477,652	432,688	26,860,110	25,228,894
Total net position	\$ 134,474,174	\$ 131,869,851	\$ 477,652	\$ 432,688	\$ 134,951,826	\$ 132,302,539

The City's overall net position increased \$2,649,287 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, 2017

- Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues						
Charges for services	\$ 2,993,980	\$ 3,026,008	\$ 1,300,301	\$ 1,389,294	\$ 4,294,281	\$ 4,415,302
Operating grants and contributions	992,416	907,697	-	-	992,416	907,697
Capital grants and contributions	2,217,522	619,102	-	-	2,217,522	619,102
General revenues						
Property taxes	6,226,957	6,346,889	-	-	6,226,957	6,346,889
Other taxes	7,355,357	7,601,515	-	-	7,355,357	7,601,515
Other	4,011,889	3,049,210	421	762	4,012,310	3,049,972
Total revenues	23,798,121	21,550,421	1,300,722	1,390,056	25,098,843	22,940,477
Expenses:						
General government	4,179,028	3,711,254	-	-	4,179,028	3,711,254
Police services	5,455,796	5,321,731	-	-	5,455,796	5,321,731
Public works	3,148,160	2,238,759	-	-	3,148,160	2,238,759
Planning	760,021	692,472	-	-	760,021	692,472
Engineering	6,221,990	6,214,874	-	-	6,221,990	6,214,874
Infrastructure	-	-	-	-	-	-
Interest on long-term debt	169,164	230,625	-	-	169,164	230,625
Recreation	-	-	1,200,758	1,288,899	1,200,758	1,288,899
Other	1,314,639	1,389,465	-	-	1,314,639	1,389,465
Total expenses	21,248,798	19,799,180	1,200,758	1,288,899	22,449,556	21,088,079
Change in net position before transfers	2,549,323	1,751,241	99,964	101,157	2,649,287	1,852,398
Transfers	55,000	30,000	(55,000)	(30,000)	-	-
Change in net position	2,604,323	1,781,241	44,964	71,157	2,649,287	1,852,398
Net position - beginning	131,869,851	130,088,610	432,688	361,531	132,302,539	130,450,141
Prior period adjustment	-	-	-	-	-	-
Net position - ending	\$ 134,474,174	\$ 131,869,851	\$ 477,652	\$ 432,688	\$ 134,951,826	\$ 132,302,539

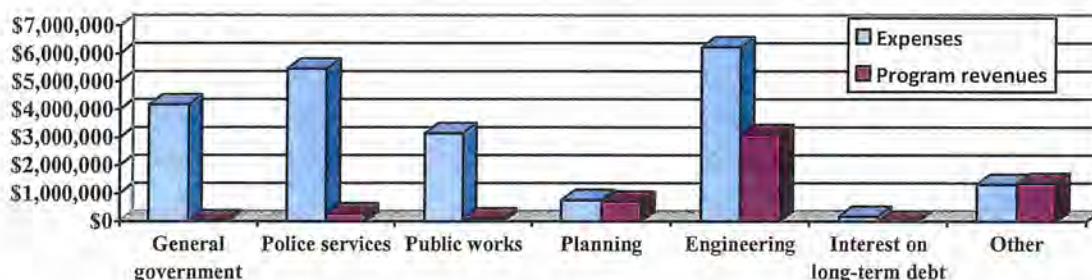
- Governmental activities revenues increased 10% from the prior year, the result of increases in capital grants and contributions and other revenue.
 - Capital grants and contributions were up significantly primarily due to a \$2,000,000 grant of Measure J funds for the Olympic & Reliez Station Road Corridor Improvements.
 - Other revenue increased by about \$962,000 due to: \$490,000 more in reimbursed work in the Streets & Signals Fund, \$83,000 more in investment earnings, and \$183,000 more in motor vehicle in lieu fees, which grow with property tax.
- Governmental activities expenses increased 7% from the prior year, with the largest increases in general government and public works.
 - General government expenses increased \$468,000 due to higher legal costs associated with litigation and special services (\$260,000), negotiated changes in salaries and benefits (\$88,000), investment in a City GIS system and computer upgrades (\$51,000).

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2017

- Public works expenses increased mainly because of the manner in which the City accounts for capital outlay expenditures that fall below the capitalization threshold (\$804,000).

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$2,604,323 from the prior fiscal year balance, for an ending balance of \$134,474,174.

Expenses and Program Revenues - Governmental Activities



- Police services recouped 5% of its program costs, or \$279,256 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 periods longer than a year
- With program revenues of \$3,086,077, Engineering (which includes capital project costs) recoups about 50% of its costs with the remaining funding coming from general revenues, including gas tax and Measure J monies
- The Other program comprises costs for parking programs, 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 by \$44,964, or 10%, to reach an ending net position of \$477,652. The increase in net position this year is attributable to ongoing efforts to operate a self-sustaining recreation program. Excess funds will provide resources for times of hardship or transition.

Financial Analysis of the Government's Funds

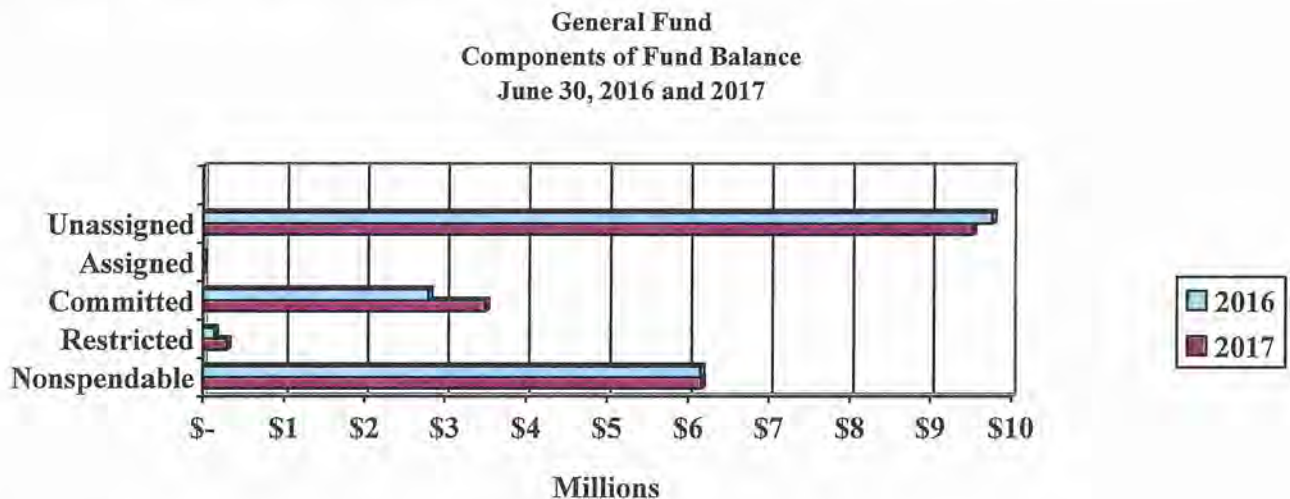
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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, 2017

At June 30, 2017, the City's governmental funds reported combined fund balances of \$31,221,598 a decrease of \$2,277,474 in comparison with the prior year. Approximately 29% of the combined fund balance, or \$9,120,009, 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 (\$6,163,882), 2) legally required to be maintained intact (\$0), 3) restricted for particular purposes (\$5,521,246), 4) committed for particular purposes (\$10,416,461), 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 \$9,522,319, while total fund balance increased to \$19,483,036. 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 74% of total general fund expenditures, which exceeds industry recommendations, while total fund balance represents about 152% of that same amount.



The fund balance of the City's general fund increased by \$621,954 during the current fiscal year primarily due to the strong local housing market. This trend resulted in higher property taxes (\$280,000) reflective of higher prices seen in calendar year 2015 and higher planning and engineering charges for service (\$384,000) as existing homeowners worked to update and improve their current residences.

The parking programs fund, a new major fund, had a decrease in fund balance during the current fiscal year of \$1,545,352, which put the overall fund balance at \$392,521. The decrease results from the purchase of two parcels on Golden Gate Way and their subsequent improvements in order to function as a downtown parking lot.

The public facilities fund, a major fund, had a \$951,833 increase in fund balance during the current fiscal year, which put the overall fund balance at \$1,149,145. The increase results primarily from the transfer in of \$1,420,000 from the General Fund for purchase of the Master Lease at 3471 Mt. Diablo Blvd. and the build out of a new police station at this location.

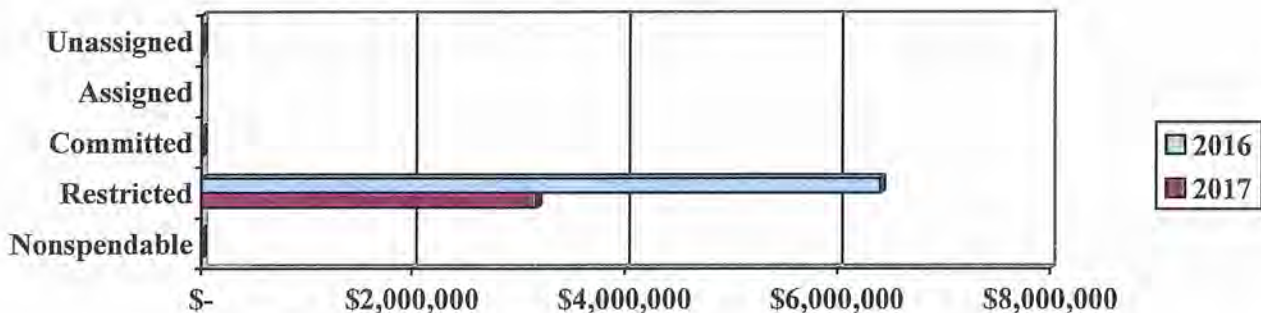
CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2017

The streets and signals fund, a major governmental fund, had a \$616,586 decrease in fund balance in the current fiscal year, resulting in an end of year balance of \$1,038,566. 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 \$548,523 increase in fund balance during the current fiscal year which raised the overall fund balance to \$5,401,748. 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 \$939,091 decrease in fund balance during the current fiscal year, which put the overall fund balance at \$592,264. The decrease results from the use of fund balance for a bond refunding transaction and the scheduled use of the excess fund balance. In December 2016, the City issued the 2016 General Obligation Refunding Bonds in the amount of \$2,055,000. The bond proceeds, together with existing fund balance in the debt service fund of \$911,220, were used to refund the 2004 General Obligation Bonds and cover the cost of issuance. As a matter of practice, 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, resulting in reduced property tax bills for landowners.

**Other Governmental Funds
 Components of Fund Balance
 June 30, 2016 and 2017**



Governmental funds that do not meet the determination of a major fund are presented in the aggregate. The other governmental funds had a \$1,298,755 decrease in fund balance, resulting in an end of year balance of \$3,164,318. This decrease is attributable to the expenditure of more money than was received in the year with regard to gas tax, Measure J, and the stormwater pollution assessment district. Gas tax and Measure J monies are typically collected annually, accumulated over time and then expended when applicable projects require funds. The stormwater pollution assessment district, however, is experiencing declining assessment income while the compliance measures are becoming more costly.

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, 2017

Unrestricted net position of the recreation programs at the end of the year was \$477,652. The total growth in net position for the fund was \$44,964. As noted earlier in the discussion of business-type activities, the increase to the recreation programs is due to ongoing efforts to operate a self-sustaining recreation program. Excess funds will provide resources for times of hardship or transition.

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:
 - \$185,237 for the setting of a bonus pool for staff
 - \$110,000 for the replacement of two police vehicle (\$55,000 released from the reserve and \$55,000 reallocated from police services contract)
 - \$13,416 for cameras and ALPR equipment
 - \$23,688 to write off planning fees related to a litigated case that was settled
 - \$15,432 for coverage while staff was on leave
 - \$36,839 for recruitment of Parks, Trails and Recreation Director (\$10,000), trustee fees for City issued debt (\$7,000), and legal services related to personnel matters (\$20,000)

Final budget compared to actual results. Actual revenues came in over budget by \$977,727.

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 6.6% 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 7.29% from \$6,933,931,448 in fiscal year 2015/16 to \$7,439,289,837 in fiscal year 2016/17. The difference between the property tax budget and actual is that we did not foresee such a large increase. The forecast reflects conservative property tax growth of 3%, whereas the reality was 6.3%. Property tax revenues increased at a rate less than the increase in assessed value due to contributions from supplemental and unitary taxes.

The local economy continues to hold steady with slight increases not just in property tax revenues, but also transient occupancy, real property transfer tax, and franchise taxes.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2017

Actual expenditures came in \$1,005,028 under budget. The primary sources of these savings were police services, public works and library operations. Police services were under budget by \$514,952 due to the backfilling of vacant positions with overtime hours. In addition, additional funds are always budgeted here in the event that extra staff may be needed. Public works was under budget by \$229,225 due to the deferral of normal repair work due to storm clean-up efforts. Library operations came in \$158,562 under budget primarily because of staffing shortages in contracted services and the cost of additional operating hours came in less than budgeted. In addition, there was some shuffling of the capital outlay projects: the Community Hall LEDs project was only minimally implemented due to the lack of replacement lights available and the Library Foundation purchased the chairs that had been budgeted, so the City installed artificial turf for an overall budget savings.

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, 2017 is valued at \$108,777,613. The City did not have any capital assets for its business-type activities as of June 30, 2017.

	Governmental activities	
	2017	2016
Land	\$ 15,752,339	\$ 14,230,959
Improvements	2,282,093	2,257,719
Buildings	38,432,997	39,267,865
Infrastructure	45,850,570	46,629,513
Equipment	563,389	650,295
Vehicles	497,431	548,309
Books and artwork	1,222,507	1,253,104
Construction in progress	4,176,287	423,580
Total capital assets	\$ 108,777,613	\$ 105,261,344

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

- Completed the 2015 Surface Seal Program
- Completed the 2016 Road Rehabilitation Project
- Completed the Taylor Boulevard Safety Project and Community Center Pedestrian Crossing
- Purchased two parcels on Golden Gate Way and improved them for use as a downtown parking lot
- Completed the majority of the work on the Olympic- Reliez Station Road Corridor Improvements
- Began the build out of the Police Station on 3471 Mt. Diablo Boulevard

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, 2017

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$4,835,000. This amount is comprised of two 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, 2017, the City did not have any long-term obligations for its business-type activities.

The City's total debt decreased by \$3,340,000 (55%) during the current fiscal year. The reasons for the decrease were the regularly scheduled principal payments on the existing outstanding debt and the refunding of the 2004 General Obligation Bonds.

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 \$4,835,000.

Additional information on the City's long-term debt can be found in Note 7 on pages 55-56 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. 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, 2017

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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$13,014,497	\$641,793	\$13,656,290
Restricted cash and investments (Note 3)	10,343,847		10,343,847
Accounts receivable	3,121,362	139,760	3,261,122
Interest receivable	4,385	110	4,495
Due from other funds	387,688	127,122	514,810
Prepaid items (Note 1J)	21,009	13,274	34,283
Loan receivable from Successor Agency (Note 5)	8,053,461		8,053,461
Net OPEB Asset (Note 9)	4,899		4,899
Other assets	32,250		32,250
Capital assets (Note 6):			
Non-depreciable	20,386,775		20,386,775
Depreciable, net of accumulated depreciation	88,390,838		88,390,838
Total Assets	<u>143,761,011</u>	<u>922,059</u>	<u>144,683,070</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,391,122	30,563	2,421,685
Interest payable	36,314		36,314
Refundable deposits	766,413	21,313	787,726
Due to other funds	514,810		514,810
Unearned revenue	84,556	363,845	448,401
Accrued compensated absences (Note 1G):			
Due within one year	131,724	5,737	137,461
Due in more than one year	526,898	22,949	549,847
Long-term debt (Note 7):			
Due within one year	480,000		480,000
Due in more than one year	4,355,000		4,355,000
Total Liabilities	<u>9,286,837</u>	<u>444,407</u>	<u>9,731,244</u>
NET POSITION (Note 10)			
Net investments in capital assets	<u>103,942,613</u>		<u>103,942,613</u>
Restricted for:			
Debt service	592,264		592,264
Special revenue projects	1,118,213		1,118,213
Housing projects	1,500,731		1,500,731
Lighting and landscaping	207,653		207,653
Community Services	730,242		730,242
Total Restricted Net Position	<u>4,149,103</u>		<u>4,149,103</u>
Unrestricted	<u>26,382,458</u>	<u>477,652</u>	<u>26,860,110</u>
Total Net Position	<u>\$134,474,174</u>	<u>\$477,652</u>	<u>\$134,951,826</u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council, commissions, and community support	\$1,336,345			
Police services	5,455,796	\$101,073	\$178,183	
Parking services	322,280	506,616		
Public works	3,148,160	92,998		\$5,000
Senior transportation	163,477	20,009	126,589	
Library operations	828,882	43,633	650,576	
Planning	760,021	1,337,374	23,058	
Engineering	6,221,990	873,555		2,212,522
Administration	2,842,683	18,722	14,010	
Interest on long-term debt	169,164			
Total Governmental Activities	21,248,798	2,993,980	992,416	2,217,522
Business-type Activities:				
Recreation Programs	1,200,758	1,300,301		
Total Business-type Activities	1,200,758	1,300,301		
Total	\$22,449,556	\$4,294,281	\$992,416	\$2,217,522

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(\$1,336,345)		(\$1,336,345)
(5,176,540)		(5,176,540)
184,336		184,336
(3,050,162)		(3,050,162)
(16,879)		(16,879)
(134,673)		(134,673)
600,411		600,411
(3,135,913)		(3,135,913)
(2,809,951)		(2,809,951)
(169,164)		(169,164)
<u>(15,044,880)</u>		<u>(15,044,880)</u>
	<u>\$99,543</u>	<u>99,543</u>
	<u>99,543</u>	<u>99,543</u>
<u>(15,044,880)</u>	<u>99,543</u>	<u>(14,945,337)</u>
6,226,957		6,226,957
3,536,651		3,536,651
2,222,040		2,222,040
733,429		733,429
484,029		484,029
379,208		379,208
2,706,631		2,706,631
352,494	421	352,915
952,764		952,764
55,000	(55,000)	
<u>17,649,203</u>	<u>(54,579)</u>	<u>17,594,624</u>
2,604,323	44,964	2,649,287
<u>131,869,851</u>	<u>432,688</u>	<u>132,302,539</u>
<u>\$134,474,174</u>	<u>\$477,652</u>	<u>\$134,951,826</u>

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CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2017

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 2017. 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.

PARKING PROGRAMS FUND

These programs are 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.

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 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, 2017

	General Fund	Parking Programs Fund	Public Facilities Fund	Streets and Signals Fund	Capital Projects Fund
ASSETS					
Cash and investments (Note 3)	\$12,847,533				
Restricted cash and investments (Note 3)			\$1,172,035	\$1,806,109	\$5,552,397
Accounts receivable	1,875,847	\$25,771		488,892	
Interest receivable	1,384	108	52	524	1,428
Due from other funds (Note 4B)	387,688				
Prepaid items (Note 1J)	21,009				
Loans receivable from Successor Agency (Note 5)	6,142,873	794,831			
Other assets	32,250				
Total Assets	\$21,308,584	\$820,710	\$1,172,087	\$2,295,525	\$5,553,825
LIABILITIES					
Accounts payable and accrued expenses	\$1,013,884	\$34,454	\$22,942	\$1,256,647	\$24,955
Due to other funds (Note 4B)		381,825			127,122
Refundable deposits	766,101			312	
Unearned revenue	45,563	11,910			
Total Liabilities	1,825,548	428,189	22,942	1,256,959	152,077
FUND BALANCES					
Fund balance (Note 10):					
Nonspendable	6,163,882				
Restricted	299,472	794,831		670,361	
Committed	3,497,363		1,149,145	368,205	5,401,748
Unassigned	9,522,319	(402,310)			
Total Fund Balances	19,483,036	392,521	1,149,145	1,038,566	5,401,748
Total Liabilities and Fund Balances	\$21,308,584	\$820,710	\$1,172,087	\$2,295,525	\$5,553,825

See accompanying notes to financial statements

<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	\$166,964	\$13,014,497
\$586,286	1,227,020	10,343,847
5,582	725,270	3,121,362
396	493	4,385
		387,688
		21,009
	1,115,757	8,053,461
		32,250
<u>\$592,264</u>	<u>\$3,235,504</u>	<u>\$34,978,499</u>
	\$38,240	\$2,391,122
	5,863	514,810
		766,413
	27,083	84,556
	<u>71,186</u>	<u>3,756,901</u>
\$592,264	3,164,318	6,163,882
		5,521,246
		10,416,461
		9,120,009
<u>592,264</u>	<u>3,164,318</u>	<u>31,221,598</u>
<u>\$592,264</u>	<u>\$3,235,504</u>	<u>\$34,978,499</u>

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CITY OF LAFAYETTE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2017

Total fund balances reported on the Governmental Funds Balance Sheet \$31,221,598

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. 108,777,613

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	(36,314)
Compensated absences	(658,622)
Long-term debt	(4,835,000)
	<u>(4,835,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$134,474,174

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, 2017

	General	Parking Programs	Public Facilities Fund	Streets and Signals	Capital Projects Fund
REVENUES					
Property taxes	\$4,721,526				
Sales tax	3,008,076				
Other taxes	3,334,677				
Charges for services	1,562,345	\$312,493	\$100,000	\$173,504	\$529,251
Intergovernmental	2,792,558	12,000		2,212,522	
Licenses and permits	302,561	31,453			
Fines, forfeitures and penalties	75,819	181,898			
Use of money and property	340,918	28,897	200	2,021	5,510
Miscellaneous	833,854			706,045	28
Total Revenues	16,972,334	566,741	100,200	3,094,092	534,789
EXPENDITURES					
Current:					
City council, commissions, and community support	1,346,360				
Police services	4,691,205				
Parking services		321,893			
Public works	1,601,742		408,178		58,204
Senior transportation					
Library operations	825,482				
Planning	766,303				
Engineering	306,371			757,865	
Administration	2,789,757				
Capital outlay	491,541	1,790,200	160,189	6,560,633	
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	12,818,761	2,112,093	568,367	7,318,498	58,204
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,153,573	(1,545,352)	(468,167)	(4,224,406)	476,585
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4A)	50,000		1,420,000	3,607,820	71,938
Transfers (out) (Note 4A)	(3,581,619)				
Issuance of bonds					
Total Other Financing Sources (Uses)	(3,531,619)		1,420,000	3,607,820	71,938
NET CHANGE IN FUND BALANCES	621,954	(1,545,352)	951,833	(616,586)	548,523
BEGINNING FUND BALANCES	18,861,082	1,937,873	197,312	1,655,152	4,853,225
ENDING FUND BALANCES	\$19,483,036	\$392,521	\$1,149,145	\$1,038,566	\$5,401,748

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$636,615	\$571,421	\$5,929,562
		3,008,076
	1,012,604	4,347,281
	20,009	2,697,602
	277,437	5,294,517
		334,014
	12,321	270,038
1,529	1,902	380,977
	39,627	1,579,554
<u>638,144</u>	<u>1,935,321</u>	<u>23,841,621</u>
		1,346,360
	541,744	5,232,949
		321,893
	914,520	2,982,644
	162,550	162,550
		825,482
		766,303
	88,162	1,152,398
		2,789,757
	13,961	9,016,524
3,394,767		3,394,767
237,468		237,468
<u>3,632,235</u>	<u>1,720,937</u>	<u>28,229,095</u>
<u>(2,994,091)</u>	<u>214,384</u>	<u>(4,387,474)</u>
	589,686	5,739,444
	(2,102,825)	(5,684,444)
<u>2,055,000</u>		<u>2,055,000</u>
<u>2,055,000</u>	<u>(1,513,139)</u>	<u>2,110,000</u>
(939,091)	(1,298,755)	(2,277,474)
<u>1,531,355</u>	<u>4,463,073</u>	<u>33,499,072</u>
<u>\$592,264</u>	<u>\$3,164,318</u>	<u>\$31,221,598</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, 2017

The schedule below reconciles the Net Change 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 (\$2,277,474)

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	9,016,524
Other non-capitalized expenditures are deducted from fund balance	(142,073)
Depreciation expense is deducted from the fund balance	(5,314,682)
Loss on disposal of capital asset is deducted from fund balance	(43,500)

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	3,340,000
Issuance of long-term debt	(2,055,000)

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	68,304
Compensated absences	12,224

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$2,604,323</u>
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See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2017

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, the Buckeye Fields building and Lafayette Community Park. The Lafayette Community Center is the primary facility used by the recreation 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, 2017

	<u>Recreation Programs</u>
ASSETS	
Current Assets:	
Cash and investments (Note 3):	\$641,793
Accounts receivable	139,760
Interest receivable	110
Due from other funds (Note 4B)	127,122
Prepaid items (Note 1J)	<u>13,274</u>
Total Assets	<u>922,059</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	30,563
Refundable deposits	21,313
Accrued compensated absences - Due within one year (Note 1G):	5,737
Unearned revenue	<u>363,845</u>
Total current liabilities	<u>421,458</u>
Non-Current Liabilities:	
Accrued compensated absences - Due in more than one year (Note 1G):	<u>22,949</u>
Total liabilities	<u>444,407</u>
NET POSITION (Note 10)	
Unrestricted	<u>477,652</u>
Total Net Position	<u><u>\$477,652</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, 2017

	<u>Recreation Programs</u>
OPERATING REVENUES	
Recreation fees	\$1,167,006
Building rentals	<u>133,295</u>
Total Operating Revenues	<u>1,300,301</u>
OPERATING EXPENSES	
Personnel services	562,933
Contractual services	541,384
Printing and supplies	72,106
Capital outlay	<u>24,335</u>
Total Operating Expenses	<u>1,200,758</u>
Operating Income	<u>99,543</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>421</u>
Total Nonoperating Revenues (Expenses)	<u>421</u>
Income Before Capital Contributions and Transfers	99,964
Transfers (out) (Note 4A)	<u>(55,000)</u>
Change in Net Position	44,964
BEGINNING NET POSITION	<u>432,688</u>
ENDING NET POSITION	<u><u>\$477,652</u></u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017

	Recreation Programs
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$1,281,746
Payments to suppliers	(629,031)
Payments to employees	(575,531)
	77,184
Cash Flows from (used for) Operating Activities	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from other accounts	348,135
Transfers (out)	(55,000)
	293,135
Cash Flows from (used for) Noncapital Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	597
	597
Cash Flows from Investing Activities	
Net Cash Flows	370,916
Cash and investments at beginning of period	270,877
Cash and investments at end of period	641,793
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating income	99,543
Change in assets and liabilities:	
Receivables, net	(7,578)
Prepaid items	1,422
Accounts payable and other accrued expenses	9,087
Accrued compensated absences	(12,598)
Refundable deposits	(293)
Unearned revenue	(12,399)
	\$77,184
Cash Flows from (used for) Operating Activities	

See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2017

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

An 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, 2017

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$770,237
Restricted cash and investments held by fiscal agents (Note 3)	\$2,740,877	
Receivables:		
Accounts		425,947
Interest		194
Other assets		500
Total Assets	\$2,740,877	\$1,196,878
 LIABILITIES		
Accounts payable		\$293,991
Compensated absences		11,895
Interest payable	\$686,009	
Unearned revenue		137,959
Due to members		753,032
Loan payable to the City's General Fund	6,142,874	
Loan payable to the Housing Successor Agency	1,115,757	
Loan payable to the Parking Fund	794,831	
Long-term debt - due in less than one year	2,548,088	
Long-term debt - due in more than one year	34,374,118	
Total Liabilities	45,661,677	\$1,196,877
 NET POSITION		
Held in trust for private purposes	(42,920,800)	
Total Net Position	(\$42,920,800)	

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Property taxes	<u>\$3,562,271</u>
Total Additions	<u>3,562,271</u>
DEDUCTIONS	
Contractual services	75,150
Interest expense and fiscal charges	<u>1,606,547</u>
Total Deductions	<u>1,681,697</u>
CHANGE IN NET POSITION	1,880,574
NET POSITION, BEGINNING OF YEAR	<u>(44,801,374)</u>
NET POSITION, END OF YEAR	<u><u>(\$42,920,800)</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, 2017

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 25,199. 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, 2017

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.

PARKING PROGRAMS FUND

These programs are 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.

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 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, 2017

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, 2017

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 acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets for which cost was not available.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The activities of the compensated absences for the year ended June 30, 2017 were as follows:

	Governmental Activities	Business-Type Activities	Total
Balance as of June 30, 2016	\$670,846	\$41,284	\$712,130
Additions	311,002	11,994	322,996
Payments	<u>(323,226)</u>	<u>(24,592)</u>	<u>(347,818)</u>
Ending Balance	<u>\$658,622</u>	<u>\$28,686</u>	<u>\$687,308</u>
Current Portion	<u>\$131,724</u>	<u>\$5,737</u>	<u>\$137,462</u>

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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.
- 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

- 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.

Funds	Excess of Expenditures Over Appropriation
General	
Administration	(\$88,335)
Parking Programs	
Parking Services	(9,299)
Public Facilities	
Capital Outlay	(160,189)
Capital Projects	
Public Works	(1,267)
Debt Service	
Principal Retirement	(2,884,767)
Interest and fiscal charges	(18,801)

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, 2017

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, 2017 are classified in the accompanying financial statements as follows:

<i>Statement of Net Position</i>	Amount
Cash and investments	\$13,656,290
Restricted cash and investments	10,343,847
Total cash and investments in primary government	24,000,137
 <i>Statements of Fiduciary Net Position</i>	
Restricted Cash and investments	
Private Purpose Trust Funds	2,740,877
Cash and investments:	
Agency Funds	770,237
Total Cash and investments	\$27,511,251

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, 2017

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%

*As of date of purchase

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, 2017

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	Total
Joint Investment Pools:			
Local Agency Investment Fund	\$2,478,034		\$2,478,034
CalTrust	10,695,167		10,695,167
Money Market Mutual Funds	1,653,323		1,653,323
Corporate Notes	756,132		756,132
Certificates of Deposit	250,092	\$8,977,376	9,227,468
Total Investments	<u>\$15,832,748</u>	<u>\$8,977,376</u>	24,810,124
Cash in banks and on hand			<u>2,701,127</u>
Total Cash and Investments			<u>\$27,511,251</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:

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

Investment	A1	Total
Corporate Notes	\$756,132	\$756,132
Totals	<u>\$756,132</u>	<u>756,132</u>
Not Rated:		
Joint Investment Pools:		
Local Agency Investment Fund		2,478,034
CalTrust		10,695,167
Certificates of Deposit		9,227,468
Money Market Mutual Funds		1,653,323
Exempt from rating requirement:		
Cash in banks and on hand		<u>2,701,127</u>
Total Cash and Investments		<u>\$27,511,251</u>

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 met the 5% level as of June 30, 2017.

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, 2017, these investments have an average maturity of 194 days.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

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, 2017, the City had shares in the CalTrust Medium-Term Fund, which held investments in an average maturity of 2.05 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, 2017:

Investment Type	Level 1	Level 2	Exempt	Total
California Local Agency Investment Fund			\$2,478,034	\$2,478,034
Certificates of Deposit		\$9,227,468		9,227,468
Corporate Notes	\$756,132			756,132
Money Market Funds			213,497	213,497
CalTrust		10,695,167		10,695,167
Held by Trustees:				
Money Market Mutual Fund			1,439,826	1,439,826
Total Investments	<u>\$756,132</u>	<u>\$19,922,635</u>	<u>\$4,131,357</u>	24,810,124
Cash in banks and on hand				2,701,127
Total Cash and investments				<u>\$27,511,251</u>

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. CalTrust classified in Level 2 is valued on the basis of the market value of such securities or, if market quotations are not readily available, at fair value under guidelines established by the CalTrust Trustees. Investments with short remaining maturities may be valued at amortized cost which CalTrust Board has determined to equal fair value. Fair value is defined as the quoted market value on the last trading day of the period.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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 2016-17 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Recreation Programs Enterprise Fund	\$50,000 (A)
Public Facilities Fund	Non-Major Governmental Funds	1,420,000 (A)
Streets and Signals Fund	General Fund	3,581,619 (A)
	Non-Major Governmental Funds	26,201 (A)
Capital Projects Fund	Non-Major Governmental Funds	71,938 (A)
Non-Major Governmental Funds	Non-Major Governmental Funds	584,686 (A)
	Recreation Programs Enterprise Fund	<u>5,000 (A)</u>
Total Interfund Transfers		<u><u>\$5,739,444</u></u>

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

B. Interfund Balances

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, 2017, interfund balances comprised the following:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund		\$387,688
Special Revenue Funds:		
Parking Programs	\$381,825	
Stormwater Pollution	5,863	
Capital Projects Funds:		
Capital Projects Fund	127,122	
Enterprise Fund:		
Recreation Programs		<u>127,122</u>
	<u>\$514,810</u>	<u>\$514,810</u>

C. 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2017, the total principal and accrued interest on this loan was \$6,142,873.

In 2003, the City of Lafayette and the former 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, 2017, the amount of interest outstanding was \$254,331 bringing the total balance to \$794,831. 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 Oversight Board approved the loans to be decreased to be repaid at 3%. The City is waiting for Department of Finance to approve the change. Upon approval, the above loans balance will be recalculated.

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, 2017

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, 2017:

	Balance June 30, 2016	Additions	Retirements	Transfers	Adjustments	Balance June 30, 2017
Governmental Activities						
Capital assets not being depreciated:						
Land	\$14,230,959	\$1,564,880	(\$43,500)			\$15,752,339
Artwork (library)	434,149	24,000				458,149
Construction in progress	423,580	3,891,398		(\$138,691)		4,176,287
Total capital assets, not being depreciated	15,088,688	5,480,278	(43,500)	(138,691)		20,386,775
Depreciable capital assets:						
Improvements	5,068,862	269,617				5,338,479
Buildings	40,721,408	59,116			\$3,725,763	44,506,287
Infrastructure	120,832,937	2,829,561		138,691	768,871	124,570,060
Equipment	1,712,089	52,080	(39,122)		(195,077)	1,529,970
Vehicles	1,294,383	183,799	(8,157)		248,576	1,718,601
Book collection (Library)	1,091,940					1,091,940
Total capital assets, being depreciated	170,721,619	3,394,173	(47,279)	138,691	4,548,133	178,755,337
Accumulated depreciation:						
Improvements	(2,811,143)	(245,243)				(3,056,386)
Buildings	(1,453,543)	(893,984)			(3,725,763)	(6,073,290)
Infrastructure	(74,203,424)	(3,747,195)			(768,871)	(78,719,490)
Equipment	(853,093)	(138,986)	39,122		(13,624)	(966,581)
Vehicles	(954,775)	(234,677)	8,157		(39,875)	(1,221,170)
Book collection (Library)	(272,985)	(54,597)				(327,582)
Total accumulated depreciation	(80,548,963)	(5,314,682)	47,279		(4,548,133)	(90,364,499)
Depreciable capital assets, net	90,172,656	(1,920,509)		138,691		88,390,838
Governmental capital assets, net	\$105,261,344	\$3,559,769	(\$43,500)			\$108,777,613

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 programs are as follows:

Governmental Activities:	
City council, Commissions and Community Support	\$10,098
Engineering	5,065,955
Police Services	219,496
Public Works	19,133
Total Governmental Activities	\$5,314,682

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2016	Additions	Retirements	Balance June 30, 2017	Amount due within one year
2002 General Obligation Bonds 3.50-5.125%, due 7/15/16	\$4,320,000	\$155,000		\$155,000		
2004 General Obligation Bonds 2.00-5.00%, due 7/15/25	6,035,000	3,160,000		3,160,000		
2011 General Obligation Refunding Bonds 2.85%, due 7/15/25	2,960,000	2,805,000		25,000	\$2,780,000	\$190,000
2016 General Obligation Refunding Bonds 2.00%, due 7/15/23	2,055,000		\$2,055,000		2,055,000	290,000
		<u>\$6,120,000</u>	<u>\$2,055,000</u>	<u>\$3,340,000</u>	<u>\$4,835,000</u>	<u>\$480,000</u>

B. 2002 General Obligations Bonds

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. As of June 30, 2017, the bonds were fully repaid.

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. In December 2016, the remaining balance of these Bonds were redeemed as discussed in Note 7E below.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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. The 2002 Bonds were originally issued to finance the costs of repair and reconstruction of the City's roads and drains. Due to the refunding, total debt service payments were reduced by about \$256,000 and had an accounting gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$214,000. 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. As of June 30, 2017 the total principal and interest remaining to be paid on the bonds were \$2,780,000 and \$449,589, respectively.

E. 2016 General Obligation Refunding Bonds

In December 2016, the City issued the 2016 General Obligation Refunding Bonds (GOs) in the amount of \$2,055,000. The bond proceeds, together with the City's own resources of \$911,220, were used to refund the 2004 General Obligation Bonds, and cover the cost of issuance. The 2004 Bonds were originally issued to finance the costs of repair and reconstruction of the City's roads and drains, and to refund a portion of the General Obligation Election of 1995, Series 1995 Bonds and pay cost of issuance. As a result, total debt service payments were reduced by \$765,940 and will obtain an accounting gain (difference between the present values of the debt service payments on the old and new debt) of \$223,458. Interest payments on the GOs are due semi-annually on January 15 and July 15, and annual principal payments are due each July 15 through 2023.

F. 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	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$480,000	\$114,723
2019	490,000	103,408
2020	505,000	91,779
2021	510,000	79,886
2022	525,000	67,773
2023-2026	2,325,000	133,170
Total payments due	<u>\$4,835,000</u>	<u>\$590,739</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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.

The City’s total payroll in fiscal year 2017 was approximately \$4,112,756. Contributions to the Plan totaled \$614,954 by the City and \$195,684 by individuals during the year.

The following summarizes transactions in the Plan for the year ended June 30, 2017:

Balance as of June 30, 2016	\$10,253,664
Contributions:	
Employer	614,954
Employee	195,684
Other additions, net	(17,656)
Disbursements, net	(656,093)
Earnings and dividends	84,484
Appreciation, net	1,196,767
Balance as of June 30, 2017	\$11,671,804

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 8 – PENSION PLAN (Continued)

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.

The following summarizes transactions in the 457 plan for the year ended June 30, 2017:

Defined contribution retirement plan:	
Balance as of June 30, 2016	\$7,830,832
Contributions	378,691
Disbursements	(487,751)
Earnings	81,591
Appreciation	<u>794,587</u>
Balance as of June 30, 2017	<u><u>\$8,597,950</u></u>

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 2017, the amount actually contributed to the OPEB plan, and changes in the City's net OPEB asset:

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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

Annual required contribution (ARC)	\$24,583
Interest on Net OPEB Obligation (Asset)	0
Adjustment to annual required contribution	0
Annual OPEB cost	24,583
Contributions made:	
Benefit payments	(24,583)
Total contributions	(24,583)
Net (increase) decrease in Net OPEB Asset	0
Net OPEB Obligation (Asset) at July 1, 2016	(4,899)
Net OPEB Obligation (Asset) at June 30, 2017	(\$4,899)
Percentage of ARC contributed	100%

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2017, 2016, and 2015 are set forth below:

Fiscal Year Ended	Beginning Net OPEB Asset	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Liability (Assets)
6/30/2015	(\$9,099)	\$21,703	\$17,503	81%	(\$4,899)
6/30/2016	(4,899)	23,925	23,925	100%	(4,899)
6/30/2017	(4,899)	24,583	24,583	100%	(4,899)

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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

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

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, 2017 the breakout of this calculation is reflected as follows:

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Total Capital Assets at June 30, 2017:		\$108,777,613
Less: Related Debts at June 30, 2017		
Long-term debt	\$4,835,000	
Less: Portion of the Debt Attributable to the Unspent Proceeds	0	
Net Related Debt		(4,835,000)
Net Investment in Capital Assets		\$103,942,613

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.

As of June 30, 2017 the breakout of restricted and unrestricted net position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$13,046,040	\$641,793	\$13,687,833
Restricted cash and investments	10,343,847		10,343,847
Accounts and interest receivable	3,125,747	139,870	3,265,617
Loans receivable from Successor Agency	8,053,461		8,053,461
Other assets	887,600	140,396	1,027,996
Total Assets	35,456,695	922,059	36,378,754
Liabilities			
Accounts payable and accrued liabilities	2,427,436	30,563	2,457,999
Refundable deposits	766,413	21,313	787,726
Due to other funds	988,107		988,107
Other liabilities	743,178	392,531	1,135,709
Total Liabilities	4,925,134	444,407	5,369,541
Net Position			
Restricted	4,149,103		4,149,103
Unrestricted	26,382,458	477,652	26,860,110
	\$30,531,561	\$477,652	\$31,009,213

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

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:

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, 2017

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2017, are below:

Classifications	General Fund	Parking Programs Fund	Public Facilities Fund	Streets and Signals	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaid Items	\$21,009							\$21,009
Loans Receivable from Successor Agency	6,142,873							6,142,873
Total Nonspendable	6,163,882							6,163,882
Restricted:								
CalRecycle Grant	15,048							15,048
PEG Access	32,107							32,107
In Lieu Tree Program	252,317							252,317
Drainage Impact Fees				\$90,097				90,097
Walkways Impact Fees				29,373				29,373
Traffic Impact fees				550,891				550,891
Parking		\$794,831						794,831
Public Safety							\$84,094	84,094
Senior Transportation							215,123	215,123
Low and Moderate Housing							1,500,731	1,500,731
Streets and roads							1,022,930	1,022,930
Assessment Districts							341,440	341,440
Debt Service						\$592,264		592,264
Total Restricted	299,472	794,831		670,361		592,264	3,164,318	5,521,246
Committed:								
Reserve Emergency Contingency	450,000							450,000
Youth Committee	18,467							18,467
Environmental Task Force	11,200							11,200
Bikeways Plan Update	14,000							14,000
Stormwater Pollution	260,000							260,000
BART Pathway Project	253,490							253,490
Public Art	107,018							107,018
Facility Maintenance	500,000		\$1,149,145					1,649,145
Vacation/Sick Liability	670,517							670,517
Senior Services Program	20,909							20,909
Traffic Calming	101,101							101,101
EMBUD Pathway	25,000			40,000				65,000
Landscaping in Median Islands	258,805							258,805
In-Lieu for Public Benefits	145,000							145,000
Public Works Vehicle Replacement	60,000							60,000
Planning/Engineering Vehicle Replacement	28,002							28,002
Police Vehicle Replacement/Transition	281,427							281,427
Computer Replacements	48,827							48,827
OPEB Reserve (GASB 45)	18,600							18,600
Other Capital Projects	225,000			328,205	\$5,401,748			5,954,953
Total Committed	3,497,363		1,149,145	368,205	5,401,748			10,416,461
Unassigned:								
General Fund	9,522,319	(402,310)						9,120,009
Total Unassigned	9,522,319	(402,310)						9,120,009
Total Fund Balances	\$19,483,036	\$392,521	\$1,149,145	\$1,038,566	\$5,401,748	\$592,264	\$3,164,318	\$31,221,598

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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	2,500

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, 2017

**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 1.08% 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, 2017 the City had \$11,961 in remaining equity interest in the property with an estimated value of \$1,107,536.

CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2017

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 Supplementary Information
For the Year Ended June 30, 2017

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.

PARKING PROGRAMS FUND

These programs are 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.

CITY OF LAFAYETTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$4,283,202	\$4,596,884	\$4,721,526	\$124,642
Sales	3,043,859	3,038,456	3,008,076	(30,380)
Other	5,781,593	5,839,967	6,041,308	201,341
Current service charges	1,224,855	1,224,855	1,562,345	337,490
Intergovernmental			85,927	85,927
Licenses and permits			302,561	302,561
Fines and forfeitures	120,000	120,000	75,819	(44,181)
Use of money and property	156,600	302,330	340,918	38,588
Miscellaneous	871,111	872,115	833,854	(38,261)
Total Revenues	15,481,220	15,994,607	16,972,334	977,727
EXPENDITURES:				
Current:				
City council, commissions, and community support	1,402,407	1,423,490	1,346,360	77,130
Police services	5,240,922	5,206,157	4,691,205	514,952
Public works	1,800,573	1,830,967	1,601,742	229,225
Library operations	983,039	984,044	825,482	158,562
Planning	785,504	767,629	766,303	1,326
Engineering	311,180	318,830	306,371	12,459
Administration	2,577,106	2,701,422	2,789,757	(88,335)
Capital outlay	511,250	591,250	491,541	99,709
Total Expenditures	13,611,981	13,823,789	12,818,761	1,005,028
EXCESS OF REVENUES OVER EXPENDITURES	1,869,239	2,170,818	4,153,573	1,982,755
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	
Transfers (out)	(2,227,130)	(3,656,051)	(3,581,619)	74,432
Total other financing sources (uses)	(2,177,130)	(3,606,051)	(3,531,619)	74,432
NET CHANGE IN FUND BALANCE	(\$307,891)	(\$1,435,233)	621,954	\$2,057,187
Beginning fund balance			18,861,082	
Ending fund balance			<u>\$19,483,036</u>	

CITY OF LAFAYETTE
PARKING PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$243,557	\$245,234	\$312,493	\$67,259
Intergovernmental			12,000	12,000
Licenses and permits	24,000	24,000	31,453	7,453
Fines, forfeitures and penalties	150,000	150,000	181,898	31,898
Use of money and property	28,483	28,483	28,897	414
Total Revenues	<u>446,040</u>	<u>447,717</u>	<u>566,741</u>	<u>119,024</u>
EXPENDITURES:				
Current:				
Parking services	315,162	312,594	321,893	(9,299)
Capital outlay	75,000	1,815,000	1,790,200	24,800
Total Expenditures	<u>390,162</u>	<u>2,127,594</u>	<u>2,112,093</u>	<u>15,501</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>55,878</u>	<u>(1,679,877)</u>	<u>(1,545,352)</u>	<u>134,525</u>
NET CHANGE IN FUND BALANCE	<u>\$55,878</u>	<u>(\$1,679,877)</u>	<u>(1,545,352)</u>	<u>\$134,525</u>
Beginning fund balance			<u>1,937,873</u>	
Ending fund balance			<u>\$392,521</u>	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2017

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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$250	\$250	\$200	(\$50)
Charges for services	<u>74,700</u>	<u>74,700</u>	<u>100,000</u>	<u>25,300</u>
Total Revenues	<u>74,950</u>	<u>74,950</u>	<u>100,200</u>	<u>25,250</u>
EXPENDITURES:				
Current:				
Public Works	1,378,300	1,378,300	408,178	970,122
Capital outlay			<u>160,189</u>	<u>(160,189)</u>
Total Expenditures	<u>1,378,300</u>	<u>1,378,300</u>	<u>568,367</u>	<u>809,933</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,303,350)</u>	<u>(1,303,350)</u>	<u>(468,167)</u>	<u>835,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>15,000</u>	<u>1,420,000</u>	<u>1,420,000</u>	
Total other financing sources (uses)	<u>15,000</u>	<u>1,420,000</u>	<u>1,420,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$1,288,350)</u>	<u>\$116,650</u>	951,833	<u>\$835,183</u>
Beginning fund balance			<u>197,312</u>	
Ending fund balance			<u>\$1,149,145</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$310,000	\$310,000	\$173,504	(\$136,496)
Intergovernmental	630,000	2,646,551	2,212,522	(434,029)
Use of money and property	2,400	2,400	2,021	(379)
Miscellaneous		642,239	706,045	63,806
Total Revenues	<u>942,400</u>	<u>3,601,190</u>	<u>3,094,092</u>	<u>(507,098)</u>
EXPENDITURES:				
Current:				
Administration	783,199	770,064	757,865	12,199
Capital outlay	<u>3,504,300</u>	<u>7,614,322</u>	<u>6,560,633</u>	<u>1,053,689</u>
Total Expenditures	<u>4,287,499</u>	<u>8,384,386</u>	<u>7,318,498</u>	<u>1,065,888</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(3,345,099)</u>	<u>(4,783,196)</u>	<u>(4,224,406)</u>	<u>558,790</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,913,500</u>	<u>3,862,687</u>	<u>3,607,820</u>	<u>(254,867)</u>
Total other financing sources (uses)	<u>2,913,500</u>	<u>3,862,687</u>	<u>3,607,820</u>	<u>(254,867)</u>
NET CHANGE IN FUND BALANCE	<u>(\$431,599)</u>	<u>(\$920,509)</u>	(616,586)	<u>\$303,923</u>
Beginning fund balance			<u>1,655,152</u>	
Ending fund balance			<u>\$1,038,566</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$540,399	\$540,399	\$529,251	(\$11,148)
Intergovernmental				
Use of money and property	7,000	6,000	5,510	(490)
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>28</u>	<u>(49,972)</u>
Total Revenues	<u>597,399</u>	<u>596,399</u>	<u>534,789</u>	<u>(61,610)</u>
EXPENDITURES:				
Current:				
Public works	58,012	56,937	58,204	(1,267)
Capital outlay	<u>1,850,000</u>	<u>1,850,000</u>	<u></u>	<u>1,850,000</u>
Total Expenditures	<u>1,908,012</u>	<u>1,906,937</u>	<u>58,204</u>	<u>1,848,733</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,310,613)</u>	<u>(1,310,538)</u>	<u>476,585</u>	<u>1,787,123</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>73,013</u>	<u>71,938</u>	<u>71,938</u>	<u></u>
Total other financing sources (uses)	<u>73,013</u>	<u>71,938</u>	<u>71,938</u>	<u></u>
NET CHANGE IN FUND BALANCE	<u>(\$1,237,600)</u>	<u>(\$1,238,600)</u>	548,523	<u>\$1,787,123</u>
Beginning fund balance			<u>4,853,225</u>	
Ending fund balance			<u>\$5,401,748</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$670,000	\$670,000	\$636,615	(\$33,385)
Use of money and property	1,890	1,890	1,529	(361)
Total Revenues	<u>671,890</u>	<u>671,890</u>	<u>638,144</u>	<u>(33,746)</u>
EXPENDITURES:				
Current:				
Debt service:				
Principal retirement		510,000	3,394,767	(2,884,767)
Interest and fiscal charges		218,667	237,468	(18,801)
Total Expenditures		<u>728,667</u>	<u>3,632,235</u>	<u>(2,903,568)</u>
EXCESS OF REVENUES OVER EXPENDITURES		<u>(56,777)</u>	<u>(2,994,091)</u>	<u>(2,937,314)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bonds			2,055,000	2,055,000
Total other financing sources (uses)			<u>2,055,000</u>	<u>2,055,000</u>
NET CHANGE IN FUND BALANCE		<u><u>(\$56,777)</u></u>	<u>(939,091)</u>	<u><u>(\$882,314)</u></u>
Beginning fund balance			<u>1,531,355</u>	
Ending fund balance			<u><u>\$592,264</u></u>	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2017

OTHER GOVERNMENTAL FUNDS

The City maintains the following Other Governmental Funds:

Special Revenue Funds

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, 2017

	SPECIAL REVENUE FUNDS			
	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing	Gas Tax
ASSETS				
Cash and investments		\$166,964		
Restricted cash and investments	\$38,499		\$384,974	\$357,862
Accounts receivable		52,803		
Interest receivable	5			302
Loans receivable from Successor Agency			1,115,757	
Total Assets	\$38,504	\$219,767	\$1,500,731	\$358,164
LIABILITIES				
Accounts payable and accrued liabilities		\$4,644		
Due to other funds				
Unearned revenue				
Total Liabilities		4,644		
FUND BALANCES				
Nonspendable				
Restricted	\$38,504	215,123	\$1,500,731	\$358,164
Total Fund Balances (Deficits)	38,504	215,123	1,500,731	358,164
Total Liabilities and Fund Balances	\$38,504	\$219,767	\$1,500,731	\$358,164

SPECIAL REVENUE FUNDS

Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
		Street Lighting	Core Area Maintenance	Stormwater Pollution	
					\$166,964
\$134,020	\$84,094	\$164,083	\$63,488		1,227,020
519,325				\$153,142	725,270
		29	105	52	493
					1,115,757
<u>\$653,345</u>	<u>\$84,094</u>	<u>\$164,112</u>	<u>\$63,593</u>	<u>\$153,194</u>	<u>\$3,235,504</u>
		\$1,458	\$18,594	\$13,544	\$38,240
\$27,083				5,863	5,863
					27,083
<u>27,083</u>		<u>1,458</u>	<u>18,594</u>	<u>19,407</u>	<u>71,186</u>
<u>626,262</u>	<u>\$84,094</u>	<u>162,654</u>	<u>44,999</u>	<u>133,787</u>	<u>3,164,318</u>
<u>626,262</u>	<u>84,094</u>	<u>162,654</u>	<u>44,999</u>	<u>133,787</u>	<u>3,164,318</u>
<u>\$653,345</u>	<u>\$84,094</u>	<u>\$164,112</u>	<u>\$63,593</u>	<u>\$153,194</u>	<u>\$3,235,504</u>

CITY OF LAFAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing	Gas Tax
REVENUES				
Property taxes				
Other taxes				\$484,029
Charges for services		\$20,009		
Intergovernmental		109,864		
Fines, forfeitures and penalties	\$12,321			
Use of money and property	17			1,164
Miscellaneous		18,795		
Total Revenues	12,338	148,668		485,193
EXPENDITURES				
Current:				
Police services	8,934			
Public works				
Senior transportation		162,550		
Engineering				
Capital outlay				
Total Expenditures	8,934	162,550		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	3,404	(13,882)		485,193
OTHER FINANCING SOURCES (USES)				
Transfers in		45,000		
Transfers (out)				(1,387,503)
Total Other Financing Sources (Uses)		45,000		(1,387,503)
NET CHANGE IN FUND BALANCES				
	3,404	31,118		(902,310)
BEGINNING FUND BALANCES				
	35,100	184,005	\$1,500,731	1,260,474
ENDING FUND BALANCES				
	\$38,504	\$215,123	\$1,500,731	\$358,164

SPECIAL REVENUE FUNDS

Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
		Street Lighting	Core Area Maintenance	Stormwater Pollution	
		\$21,162	\$226,075	\$324,184	\$571,421
\$528,575					1,012,604
	\$129,324			38,249	20,009
					277,437
		112	407	202	12,321
			16,014	4,818	1,902
					39,627
<u>528,575</u>	<u>129,324</u>	<u>21,274</u>	<u>242,496</u>	<u>367,453</u>	<u>1,935,321</u>
	532,810				541,744
		14,776	357,468	542,276	914,520
88,162					162,550
			13,961		88,162
					13,961
<u>88,162</u>	<u>532,810</u>	<u>14,776</u>	<u>371,429</u>	<u>542,276</u>	<u>1,720,937</u>
<u>440,413</u>	<u>(403,486)</u>	<u>6,498</u>	<u>(128,933)</u>	<u>(174,823)</u>	<u>214,384</u>
	432,810		111,876		589,686
(715,322)					(2,102,825)
(715,322)	432,810		111,876		(1,513,139)
(274,909)	29,324	6,498	(17,057)	(174,823)	(1,298,755)
901,171	54,770	156,156	62,056	308,610	4,463,073
<u>\$626,262</u>	<u>\$84,094</u>	<u>\$162,654</u>	<u>\$44,999</u>	<u>\$133,787</u>	<u>\$3,164,318</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, 2017

	VEHICLE ABATEMENT			SENIOR TRANSPORTATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services	\$12,000		(\$12,000)	\$22,500	\$20,009	(\$2,491)
Intergovernmental					109,864	109,864
Licenses and permits						
Fines, forfeitures and penalties		\$12,321	12,321			
Use of money and property		17	17	97,520	18,795	(78,725)
Miscellaneous						
Total Revenues	12,000	12,338	338	120,020	148,668	28,648
EXPENDITURES						
Current:						
Police services	9,131	8,934	197			
Parking services						
Public works						
Senior transportation				200,734	162,550	38,184
Engineering						
Capital outlay						
Total Expenditures	9,131	8,934	197	200,734	162,550	38,184
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,869	3,404	535	(80,714)	(13,882)	66,832
OTHER FINANCING SOURCES (USES)						
Transfers in				45,000	45,000	
Transfers out						
Total Other Financing Sources (Uses)				45,000	45,000	
NET CHANGE IN FUND BALANCES	\$2,869	3,404	\$535	(\$35,714)	31,118	\$66,832
BEGINNING FUND BALANCES (DEFICITS)		35,100			184,005	
ENDING FUND BALANCES (DEFICITS)		<u>\$38,504</u>			<u>\$215,123</u>	

LOW AND MODERATE INCOME HOUSING			GAS TAX			MEASURE J RETURN TO SOURCE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$521,079	\$484,029	(\$37,050)	\$475,000	\$528,575	\$53,575
			1,500	1,164	(336)			
			<u>522,579</u>	<u>485,193</u>	<u>(37,386)</u>	<u>475,000</u>	<u>528,575</u>	<u>53,575</u>
						89,368	88,162	1,206
						<u>89,368</u>	<u>88,162</u>	<u>1,206</u>
			<u>522,579</u>	<u>485,193</u>	<u>(37,386)</u>	<u>385,632</u>	<u>440,413</u>	<u>54,781</u>
			(1,642,370)	(1,387,503)	254,867	(715,322)	(715,322)	
			<u>(1,642,370)</u>	<u>(1,387,503)</u>	<u>254,867</u>	<u>(715,322)</u>	<u>(715,322)</u>	
			<u>(\$1,119,791)</u>	<u>(902,310)</u>	<u>\$217,481</u>	<u>(\$329,690)</u>	<u>(274,909)</u>	<u>\$54,781</u>
	<u>\$1,500,731</u>			<u>1,260,474</u>			<u>901,171</u>	
	<u>\$1,500,731</u>			<u>\$358,164</u>			<u>\$626,262</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, 2017

	SUPPLEMENTAL LAW ENFORCEMENT			ASSESSMENT DISTRICTS				
				STREET LIGHTING		Variance Positive (Negative)		
	Budget	Actual	Budget	Actual	Budget		Actual	Variance Positive (Negative)
REVENUES								
Property taxes				\$20,703	\$21,162	\$459		
Other taxes								
Charges for services								
Intergovernmental	\$100,000	\$129,324	\$29,324					
Licenses and permits								
Fines, forfeitures and penalties								
Use of money and property				140	112	(28)		
Miscellaneous								
Total Revenues	<u>100,000</u>	<u>129,324</u>	<u>29,324</u>	<u>20,843</u>	<u>21,274</u>	<u>431</u>		
EXPENDITURES								
Current:								
Police services	532,810	532,810						
Parking services								
Public works				25,000	14,776	10,224		
Senior transportation								
Engineering								
Capital outlay								
Total Expenditures	<u>532,810</u>	<u>532,810</u>		<u>25,000</u>	<u>14,776</u>	<u>10,224</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(432,810)</u>	<u>(403,486)</u>	<u>29,324</u>	<u>(4,157)</u>	<u>6,498</u>	<u>10,655</u>		
OTHER FINANCING SOURCES (USES)								
Transfers in	432,810	432,810						
Transfers out								
Total Other Financing Sources (Uses)	<u>432,810</u>	<u>432,810</u>						
NET CHANGE IN FUND BALANCES		<u>29,324</u>	<u>\$29,324</u>	<u>(\$4,157)</u>	<u>6,498</u>	<u>\$10,655</u>		
BEGINNING FUND BALANCES (DEFICITS)		<u>54,770</u>			<u>156,156</u>			
ENDING FUND BALANCES (DEFICITS)		<u>\$84,094</u>			<u>\$162,654</u>			

ASSESSMENT DISTRICTS

CORE AREA MAINTENANCE			STORMWATER POLLUTION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$221,000	\$226,075	\$5,075	\$373,930	\$324,184	(\$49,746)
				38,249	38,249
500	407	(93)	363	202	(161)
	16,014	16,014		4,818	4,818
<u>221,500</u>	<u>242,496</u>	<u>20,996</u>	<u>374,293</u>	<u>367,453</u>	<u>(6,840)</u>
407,257	357,468	49,789	488,398	542,276	(53,878)
<u>20,000</u>	<u>13,961</u>	<u>6,039</u>			
<u>427,257</u>	<u>371,429</u>	<u>55,828</u>	<u>488,398</u>	<u>542,276</u>	<u>(53,878)</u>
<u>(205,757)</u>	<u>(128,933)</u>	<u>76,824</u>	<u>(114,105)</u>	<u>(174,823)</u>	<u>(60,718)</u>
186,308	111,876	(74,432)			
<u>186,308</u>	<u>111,876</u>	<u>(74,432)</u>			
<u>(\$19,449)</u>	<u>(17,057)</u>	<u>\$2,392</u>	<u>(\$114,105)</u>	<u>(174,823)</u>	<u>(\$60,718)</u>
	62,056			308,610	
	<u>\$44,999</u>			<u>\$133,787</u>	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2017

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, 2017

	<u>Redevelopment Agency</u>	<u>Redevelopment Debt Service</u>	<u>Total</u>
ASSETS			
Restricted cash and investments	<u>\$1,299,202</u>	<u>\$1,441,675</u>	<u>\$2,740,877</u>
Total Assets	<u><u>\$1,299,202</u></u>	<u><u>\$1,441,675</u></u>	<u><u>\$2,740,877</u></u>
LIABILITIES			
Accounts payable and accrued liabilities			
Interest payable		\$686,009	\$686,009
Unearned revenue			
Loans payable to the City's General Fund	\$6,142,874		6,142,874
Loans payable to the Housing Successor Agency Fund	1,115,757		1,115,757
Loans payable to the Parking Fund	794,831		794,831
Long-term debt - due in less than one year		2,548,088	2,548,088
Long-term debt - due in more than one year		<u>34,374,118</u>	<u>34,374,118</u>
Total Liabilities	<u>8,053,462</u>	<u>37,608,215</u>	<u>45,661,677</u>
NET POSITION			
Held in trust for private purpose	<u><u>(\$6,754,260)</u></u>	<u><u>(\$36,166,540)</u></u>	<u><u>(\$42,920,800)</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, 2017

	Redevelopment Agency	Redevelopment Debt Service	Total
ADDITIONS			
Property taxes	\$3,562,271		\$3,562,271
Total Additions	3,562,271		3,562,271
DEDUCTIONS			
Administration	75,150		75,150
Interest expense and fiscal charges	73,909	\$1,532,638	1,606,547
Total Deductions	149,059	1,532,638	1,681,697
OTHER FINANCING SOURCES (USES):			
Transfers in		2,263,070	2,263,070
Transfers (out)	(2,263,070)		(2,263,070)
Total Other Financing Sources (Uses)	(2,263,070)	2,263,070	
Change in Net Position	1,150,142	730,432	1,880,574
BEGINNING NET POSITION (DEFICITS) (As restated)	(7,904,402)	(36,896,972)	(44,801,374)
ENDING NET POSITION (DEFICITS)	<u>(\$6,754,260)</u>	<u>(\$36,166,540)</u>	<u>(\$42,920,800)</u>

CITY OF LAFAYETTE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
<u>Lamorinda Fee and Financing Authority</u>				
ASSETS				
Cash and investments	\$247,851	\$194,341	\$247,851	\$194,341
Receivables:				
Accounts		15,052		15,052
Interest	72	28	72	28
Due from members	917		917	
Total Assets	<u>\$248,840</u>	<u>\$209,421</u>	<u>\$248,840</u>	<u>\$209,421</u>
LIABILITIES				
Accounts payable	\$248,840	\$7,632	\$248,840	\$7,632
Due to members		201,789		201,789
Total Liabilities	<u>\$248,840</u>	<u>\$209,421</u>	<u>\$248,840</u>	<u>\$209,421</u>
<u>Lamorinda School Bus Transportation Agency</u>				
ASSETS				
Cash and investments	\$978,598	\$575,896	\$978,598	\$575,896
Receivables:				
Accounts	138,424	410,895	138,424	410,895
Interest	432	166	432	166
Other assets	500	500	500	500
Total Assets	<u>\$1,117,954</u>	<u>\$987,457</u>	<u>\$1,117,954</u>	<u>\$987,457</u>
LIABILITIES				
Accounts payable	\$249,207	\$286,359	\$249,207	\$286,359
Compensated absences		11,895		11,895
Unearned revenue	192,344	137,959	192,344	137,959
Due to members	676,403	551,243	676,403	551,243
Total Liabilities	<u>\$1,117,954</u>	<u>\$987,456</u>	<u>\$1,117,954</u>	<u>\$987,456</u>
<u>All Agency Funds</u>				
ASSETS				
Cash and investments	\$1,226,449	\$770,237	\$1,226,449	\$770,237
Receivables:				
Accounts	138,424	425,947	138,424	425,947
Interest	504	194	504	194
Due from members	917		917	
Other assets	500	500	500	500
Total Assets	<u>\$1,366,794</u>	<u>\$1,196,878</u>	<u>\$1,366,794</u>	<u>\$1,196,878</u>
LIABILITIES				
Accounts payable	\$498,047	\$293,991	\$498,047	\$293,991
Compensated absences		11,895		11,895
Unearned revenue	192,344	137,959	192,344	137,959
Due to members	676,403	753,032	676,403	753,032
Total Liabilities	<u>\$1,366,794</u>	<u>\$1,196,877</u>	<u>\$1,366,794</u>	<u>\$1,196,877</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

<u>Fiscal Year</u>	<u>Charges for Service</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>
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
2017	4,294,281	992,416	2,217,522

Source: City of Lafayette Finance Department.

General Revenues

Taxes	Motor Vehicle In Lieu	Unrestricted Investment Earnings	Other	Transfers In	Total
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
13,582,314	2,706,631	352,494	952,764	55,000	\$25,153,422

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

Fiscal Year	City Council, Commissions & Community Support	Administration* ***	Police Services	Public Works
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
2017	1,336,345	2,842,683	5,455,796	3,148,160

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.

**** Comprises City Manager, City Attorney, City Clerk, Finance, Shared Costs, IT, Shared Equity, and Insurance.

Infrastructure	Planning & Engineering	Debt Service	Other **	Recreation Programs	Total
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
0	6,982,011	169,164	1,314,639	1,200,758	\$22,449,556

**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>
2008	14,710,472	199,507	680,107	1,023,816	0
2009	15,178,772	214,306	1,622,350	883,947	0
2010	14,593,027	198,424	1,505,986	813,698	0
2011	15,186,756	296,088	514,817	925,951	0
2012	14,756,473	327,353	2,381,448	1,268,191	0
2013	13,473,632	226,092	948,918	1,247,703	0
2014	13,766,347	242,324	712,989	1,478,690	0
2015*	14,755,023	0	977,321	2,731,507	295,426
2016	15,847,961	0	761,625	2,594,541	351,820
2017	13,284,919	0	5,294,517	2,697,602	334,014

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>
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
270,038	380,977	0	1,579,554	\$23,841,621

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

Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise
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
2017	5,929,562	3,008,076	733,429	2,222,040
 Change 2008-2017	 -18.8%	 13.7%	 19.2%	 94.9%

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
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
2017	5,929,562
 Change 2008-2017	 22.7%

<u>Property Transfer</u>	<u>Gas Tax</u>	<u>Measure J</u>	<u>Total Revenues</u>
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
379,208	484,029	528,575	\$13,284,919
75.9%	9.5%	31.5%	4.1%

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

<u>Fiscal Year</u>	<u>Council, Commissions, & Community Support</u>	<u>Police Services</u>	<u>Public Works</u>	<u>Planning & Engineering</u>	<u>Administration</u>
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
2017	1,346,360	5,232,949	2,982,644	1,918,701	2,789,757

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>
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
9,016,524	3,632,235	1,309,925	0	\$28,229,095

CITY OF LAFAYETTE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:				
Invested in capital assets	\$51,772,176	\$57,240,735	\$68,757,999	\$54,267,231
Restricted	13,851,410	5,587,771	(7,125,956)	13,502,081
Unrestricted	18,462,545	20,326,534	20,666,981	13,731,874
Total governmental activities net position	<u>\$84,086,131</u>	<u>\$83,155,040</u>	<u>\$82,299,024</u>	<u>\$81,501,186</u>

Fiscal Year Ended June 30,

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$98,939,504	\$98,560,464	\$99,272,004	\$99,751,041	\$99,141,344	\$103,942,613
16,571,443	19,381,805	21,379,235	7,255,961	7,932,301	4,149,103
11,051,388	9,724,019	6,996,232	23,443,139	25,228,894	26,860,110
<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>	<u>\$134,951,826</u>

CITY OF LAFAYETTE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal year ended June 30,			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
Council, commissions & community support	\$1,840,706	\$1,087,322	\$1,055,156	\$1,051,368
Administration	3,524,051	3,457,033	3,407,361	3,012,061
Police services	3,635,692	3,880,430	3,850,434	3,879,299
Public works	2,470,211	2,342,472	2,300,946	2,394,348
Infrastructure - depreciation	2,868,201	3,187,402	3,334,599	4,166,614
Planning & engineering	1,630,903	1,447,089	2,770,095	1,710,675
Interest & debt charges	1,774,358	2,632,165	3,067,390	3,150,305
Other	303,832	3,240,664	855,004	1,122,154
Total governmental activities expenses	<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
Administration	0	0	0	0
Police services	50,269	52,200	47,254	37,441
Public works	0	0	0	0
Infrastructure - depreciation	0	0	0	0
Planning & engineering	1,327,527	1,011,276	1,011,235	1,168,206
Interest & debt charges	0	0	0	0
Other	0	0	0	0
Operating grants and contributions	200,000	149,609	149,609	149,609
Capital grants and contributions	480,107	1,472,741	1,356,377	365,208
Total governmental activities program revenues	<u>2,057,903</u>	<u>2,685,826</u>	<u>2,564,475</u>	<u>1,720,464</u>
Net revenues (expenses):	<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	7,300,248	8,042,309	7,843,392	7,680,137
Sales tax	3,047,116	2,748,962	2,598,675	2,558,987
Franchise tax	1,140,008	1,296,308	1,538,647	1,598,142
Transient occupancy tax	615,415	493,812	413,796	451,157
Vehicle code fines	284,161	376,292	426,865	413,428
Motor vehicle in lieu tax	1,949,901	2,036,467	2,089,830	2,149,290
Highway users tax	442,236	404,980	401,734	578,865
Transfer tax	215,548	155,934	177,851	170,178
Business registrations	0	0	0	0
Parking revenues	199,507	214,306	198,424	296,088
Investment income	1,888,359	1,222,093	698,747	660,086
Other	863,279	645,715	815,830	1,305,381
Transfers in	20,000	20,000	20,000	25,000
Total governmental activities	<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>\$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>	<u>2017</u>
\$1,156,123	\$1,187,756	\$1,262,843	\$1,207,205	\$1,358,648	\$1,336,345
2,660,629	3,411,836	3,815,040	2,064,648	2,352,606	2,842,683
3,917,326	4,020,045	3,987,257	5,272,182	5,321,731	5,455,796
2,250,034	3,332,889	2,475,665	2,053,516	2,238,759	3,148,160
3,412,239	3,790,761	4,649,195	0	0	0
1,969,349	1,103,616	841,799	6,691,105	6,907,346	6,982,011
2,101,477	284,950	271,508	252,475	230,625	169,164
771,003	932,134	1,093,381	1,297,309	1,389,465	1,314,639
<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>	<u>21,248,798</u>
0	0	0	0	0	0
0	0	0	14,648	18,118	18,722
34,857	630,325	637,454	154,260	129,316	101,073
0	0	0	84,729	84,173	92,998
0	0	0	0	0	0
1,621,839	2,784,172	1,871,901	2,593,636	2,329,312	2,210,929
0	0	0	0	0	0
0	0	0	496,066	465,089	570,258
149,609	100,000	179,938	751,836	907,697	992,416
<u>2,231,839</u>	<u>848,918</u>	<u>533,050</u>	<u>893,741</u>	<u>619,102</u>	<u>2,217,522</u>
4,038,144	4,363,415	3,222,343	4,988,916	4,552,807	6,203,918
<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>	<u>(15,044,880)</u>
6,763,452	4,788,439	5,102,515	5,427,316	6,346,889	6,226,957
2,927,906	3,153,693	3,156,488	3,392,743	3,803,017	3,536,651
1,609,145	1,622,330	1,664,512	1,836,029	2,165,761	2,222,040
522,777	562,018	630,576	701,718	745,707	733,429
440,463	N/A	N/A	0	0	0
2,035,206	2,058,283	2,176,084	2,343,990	2,523,771	2,706,631
690,985	580,172	744,129	703,594	553,383	484,029
207,002	237,799	292,045	349,633	333,647	379,208
0	0	0	0	0	0
327,353	N/A	N/A	0	0	0
590,727	157,127	149,827	212,167	269,718	352,494
958,823	1,547,216	1,963,638	493,248	255,721	952,764
30,000	30,000	30,000	30,000	30,000	55,000
<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>17,649,203</u>
42,082,740					
<u>\$44,986,543</u>	<u>\$1,036,505</u>	<u>\$735,469</u>	<u>\$1,640,914</u>	<u>\$1,781,241</u>	<u>\$2,604,323</u>

CITY OF LAFAYETTE

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
General fund:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	6,580,742	6,111,229	8,359,135	6,623,641
Unassigned	9,054,144	9,228,645	7,868,890	10,752,189
Total general fund	<u>\$15,634,886</u>	<u>\$15,339,874</u>	<u>\$16,228,025</u>	<u>\$17,375,830</u>
All other governmental funds:				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	12,001,834	5,721,378	(7,965,648)	(12,886,180)
Committed	0	0	0	0
Assigned	5,550,476	6,014,749	5,987,893	3,906,697
Unassigned	0	0	0	0
Total all other governmental funds	<u>\$17,552,310</u>	<u>\$11,736,127</u>	<u>(\$1,977,755)</u>	<u>(\$8,979,483)</u>

Fiscal Year Ended June 30,

2012	2013	2014	2015	2016	2017
\$6,022,847	\$6,509,859	\$6,073,032	\$6,086,362	\$6,154,010	\$6,163,882
0	42,880	6,280	23,110	143,431	299,472
1,509,476	690,944	3,191,939	3,117,955	2,797,600	3,497,362
250,000	2,724,004	0	0	0	0
10,391,624	7,388,013	6,804,724	8,267,328	9,766,041	9,522,320
<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>	<u>\$19,483,036</u>
\$624,969	\$144,141	\$2,211,773	\$1,209	\$1,000	\$0
4,308,582	4,602,990	2,973,306	7,254,752	9,083,166	5,221,774
4,105,569	7,440,055	7,545,361	6,315,777	5,553,824	6,919,098
0	0	0	0	0	0
464,382	0	0	0	0	(402,310)
<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>	<u>\$11,738,562</u>

CITY OF LAFAYETTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

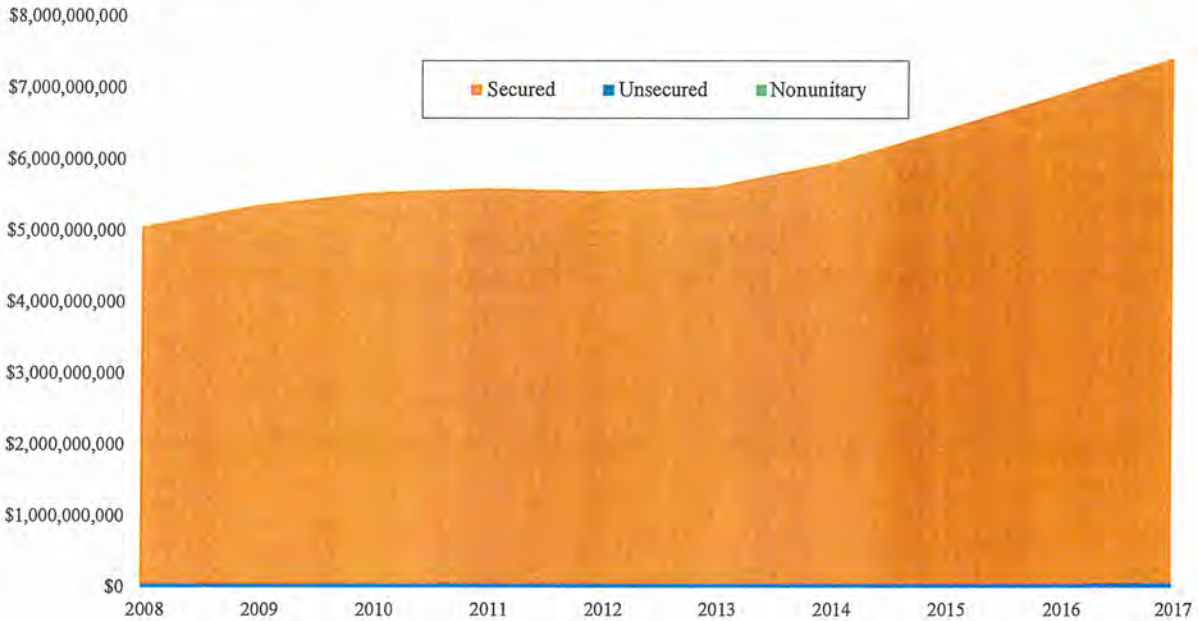
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
Revenues:				
Taxes	\$14,710,472	\$15,178,772	\$14,593,027	\$15,186,756
Licenses and permits	0	0	0	0
Intergovernmental	680,107	1,622,350	1,505,986	514,817
Developer fees	342,152	168,502	234,357	269,231
Charges for services	1,023,816	883,947	813,698	925,951
Fines and forfeitures	295,989	387,319	437,299	423,893
Investment income	1,888,359	1,222,093	698,747	660,086
Parking	199,507	214,306	198,424	296,088
Miscellaneous	863,279	645,715	815,831	1,305,380
Total revenues	<u>20,003,681</u>	<u>20,323,004</u>	<u>19,297,369</u>	<u>19,582,202</u>
Expenditures				
Current:				
Council, commissions & community support	1,840,706	1,087,322	1,055,156	1,051,368
Police services	3,563,952	3,837,921	3,825,308	3,837,772
Public works	2,480,845	2,329,401	2,289,105	2,367,914
Planning & Engineering	1,628,148	1,439,204	2,770,095	1,710,675
Administration	3,432,746	3,400,568	3,371,846	2,967,272
Capital projects	15,923,167	17,363,838	14,260,968	8,559,572
Debt service				
Principal	435,000	530,000	665,000	710,000
Interest	1,767,864	2,368,962	3,050,617	3,134,398
Rent & other expenses	233,961	3,130,247	751,333	1,050,903
Insurance & claims	69,871	110,417	103,672	71,251
Total expenditures	<u>31,376,260</u>	<u>35,597,880</u>	<u>32,143,100</u>	<u>25,461,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,372,579)</u>	<u>(15,274,876)</u>	<u>(12,845,731)</u>	<u>(5,878,923)</u>
Other financing sources (uses):				
Transfers in	4,728,129	5,421,247	4,678,918	6,246,283
Transfers out	(4,708,129)	(5,401,247)	(4,658,918)	(6,221,283)
Proceeds from bonds	0	9,600,000	0	0
Bond issuance costs	0	(456,319)	0	0
Total other financing sources (uses)	<u>20,000</u>	<u>9,163,681</u>	<u>20,000</u>	<u>25,000</u>
Extraordinary loss				
Net change in fund balances	<u>(\$11,352,579)</u>	<u>(\$6,111,195)</u>	<u>(\$12,825,731)</u>	<u>(\$5,853,923)</u>
Debt service as a percentage of noncapital expenditures	14%	16%	21%	23%

Fiscal Year Ended June 30,

2012	2013	2014	2015	2016	2017
\$14,756,473	\$13,473,632	\$13,766,347	\$14,755,023	\$15,847,961	\$13,284,919
0	0	0	295,426	351,820	334,014
2,381,448	948,918	712,989	977,321	761,625	5,294,517
377,462	1,558,694	416,968	0	0	0
1,268,191	1,247,703	1,478,690	2,731,507	2,594,541	2,697,602
451,506	382,008	371,372	316,406	251,721	270,038
590,727	157,127	182,394	212,167	301,157	380,977
327,353	226,092	242,324	0	0	0
958,823	1,547,216	1,931,070	1,161,504	1,689,390	1,579,554
<u>21,111,983</u>	<u>19,541,390</u>	<u>19,102,154</u>	<u>20,449,354</u>	<u>21,798,215</u>	<u>23,841,621</u>
1,156,123	1,187,756	1,262,843	1,198,457	1,339,477	1,346,360
3,865,518	3,973,124	3,945,555	5,056,410	5,110,272	5,232,949
2,221,207	3,312,392	2,462,591	2,210,055	2,876,882	2,982,644
1,969,349	1,103,616	831,314	1,871,739	1,889,844	1,918,701
2,587,138	3,398,415	3,815,664	2,070,041	2,327,342	2,789,757
3,847,573	2,999,602	5,838,737	4,898,679	3,737,470	9,016,524
780,000	495,000	450,000	470,000	490,000	3,394,767
2,540,059	303,914	281,525	262,338	240,168	237,468
735,352	748,289	798,936	1,297,314	1,384,181	1,309,925
35,651	183,845	181,460	0	0	0
<u>19,737,970</u>	<u>17,705,953</u>	<u>19,868,625</u>	<u>19,335,033</u>	<u>19,395,636</u>	<u>28,229,095</u>
<u>1,374,013</u>	<u>1,835,437</u>	<u>(766,471)</u>	<u>1,114,321</u>	<u>2,402,579</u>	<u>(4,387,474)</u>
4,291,955	4,378,465	5,384,641	3,628,519	3,827,512	5,739,444
(4,261,955)	(4,348,465)	(5,354,641)	(3,598,519)	(3,797,512)	(5,684,444)
0	0	0	0	0	2,055,000
0	0	0	0	0	0
<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>2,110,000</u>
<u>\$1,404,013</u>	<u>\$1,865,437</u>	<u>(\$736,471)</u>	<u>\$1,144,321</u>	<u>\$2,432,579</u>	<u>(\$2,277,474)</u>
21%	5%	5%	5%	5%	19%

**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
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
2017	7,411,943,234	65,184,095	991,026	7,478,118,355	0.07513

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's Share of 1% Levy Per Prop 13*	Overlapping Rates**			
		Acalanes Union High School District	Bay Area Rapid Transit	Contra Costa Community College	East Bay Regional Park District
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
2017	0.06662	0.03230	0.00800	0.01200	0.00320

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

- * City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.
- ** Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- *** Total Direct Rate is the weighted average of all individual direct rates applied by the City preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Overlapping Rates**

Lafayette Elementary School District	Lafayette General Fund	Orinda Elementary Bond	Pleasant Hill Recreation & Park	Subtotal Overlapping Rate	Total Direct Rate***
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
0.04370	0.00800	0.01650	0.02300	0.14670	0.07513

**CITY OF LAFAYETTE
 PRINCIPAL SALES TAX PRODUCERS
 FOR THE YEAR ENDED JUNE 30, 2017**

FIRM	BUSINESS DESCRIPTION
Ace Hardware	Hardware Stores
Big O Tire Stores	Auto Supply Stores
Chevron Service Stations	Service Stations
Chow Restaurant	Restaurants
CVS Pharmacy	Drug Stores
Diablo Foods	Supermarkets
Diamond K Gardening Supply	Nursery
El Charro Mexican Restaurant	Restaurants
Insight Resource Group	Personal Services
Jacksons Wines & Spirits	Liquor Stores
Lafayette Park Hotel	Hotel Food/Bar Sales
McCaulou's Department Store	Department Stores
McDonald's Restaurants	Fast Food Restaurant
Metro Lafayette	Restaurants
Orchard Nursery	Nursery
Pet Food Express	Specialty Stores
Pizza Antica	Restaurants
Postino Restaurant	Restaurants
Safeway Stores	Supermarkets
Shell Service Stations	Service Stations
The Cooperage American Grille	Restaurants
Trader Joe's	Supermarkets
Union 76 Service Stations	Service Stations
Western Data Group	Business Services
Whole Foods Market	Supermarkets

Source: MBIA Muni Services Company

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**CITY OF LAFAYETTE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
 JUNE 30, 2017**



- BRE Properties Inc
- Cortese Properties LLC
- Tilden-Lafayette LLC
- SHI-III Lafayette LP
- Oakwood Athletic Club LLC
- DPW Diablo LP
- Lafayette Park Hotel Associates
- Bay Glen LP
- Brian E and Deanna Moore Trust
- AE Woodbury2 LLC

2017

<u>Taxpayer</u>	<u>Primary Use</u>	<u>2017 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
BRE Properties Inc	Residential	\$50,771,656	1	0.68%
Cortese Properties LLC	Commercial	35,168,142	2	0.47%
Tilden-Lafayette LLC	Residential	30,457,499	3	0.41%
SHI-III Lafayette LP	Commercial	24,572,129	4	0.33%
Oakwood Athletic Club LLC	Miscellaneous	22,893,531	5	0.31%
DPW Diablo LP	Commercial	20,503,586	6	0.27%
Lafayette Park Hotel Associates	Commercial	19,113,577	7	0.26%
Bay Glen LP	Residential	17,611,248	8	0.24%
Brian E and Deanna Moore Trust	Residential	14,811,553	9	0.20%
AE Woodbury2 LLC	Commercial	13,908,925	10	0.19%
Total		\$249,811,846		3.34%

2016-2017 Assessed Valuation: \$7,478,118,355 **
 2007-2008 Assessed Valuation: \$5,109,378,277 **

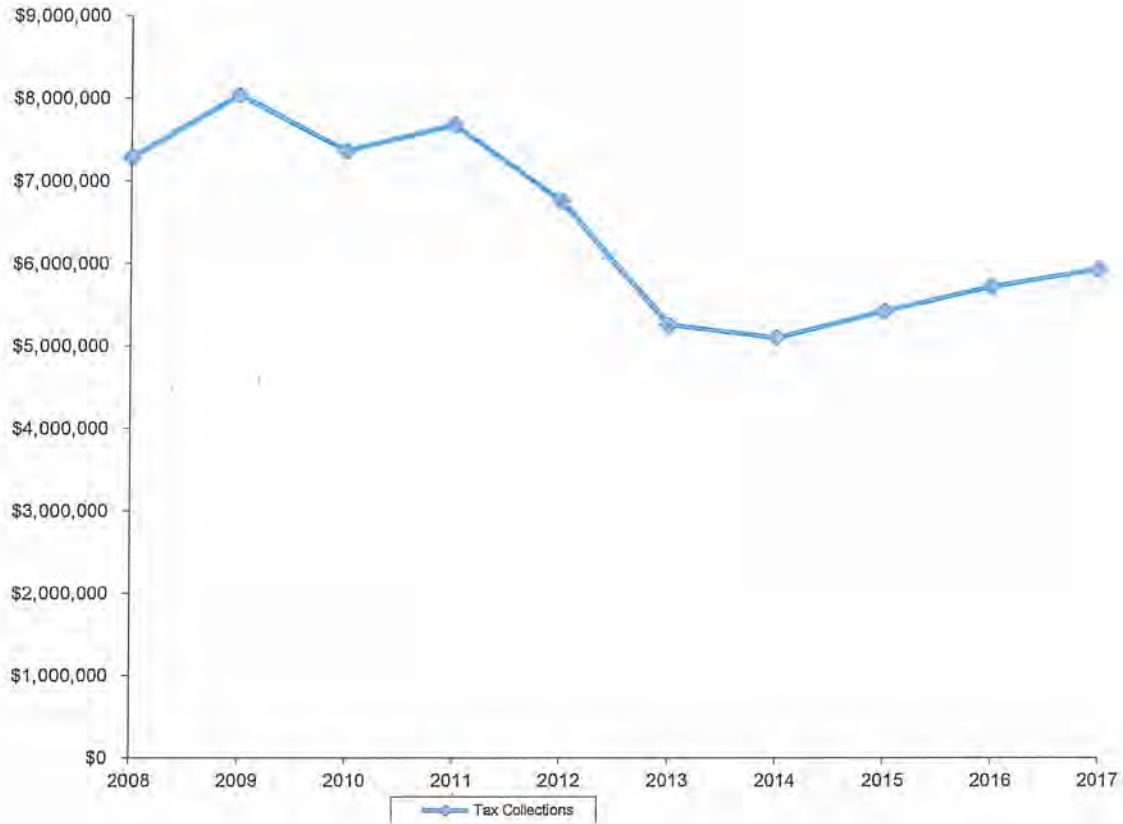
** Local Secured Assessed Valuation

Source: California Municipal Statistics, Inc.

2008

<u>Taxpayer</u>	<u>Primary Use</u>	<u>2008 Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bascom Lafayette Highlands LLC	Residential	\$30,138,621	1	0.59%
Oakwood Athletic Club LLC	Commercial	19,533,833	2	0.38%
Lafayette Park Hotel Associates	Commercial	18,049,030	3	0.35%
Realty Associates Fund VI LP	Commercial	16,814,838	4	0.33%
Bay Glen LP	Residential	15,560,743	5	0.30%
Gray Horse Investors	Commercial	11,349,812	6	0.22%
Joan E. Bruzzone	Commercial	11,164,294	7	0.22%
Lafayette Terrace LLC	Commercial	10,850,850	8	0.21%
Kenneth Harry Hofmann Trust	Residential	10,716,203	9	0.21%
Cortese Properties LLC	Commercial	10,485,703	10	0.21%
		<u>\$154,663,927</u>		3.03%

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



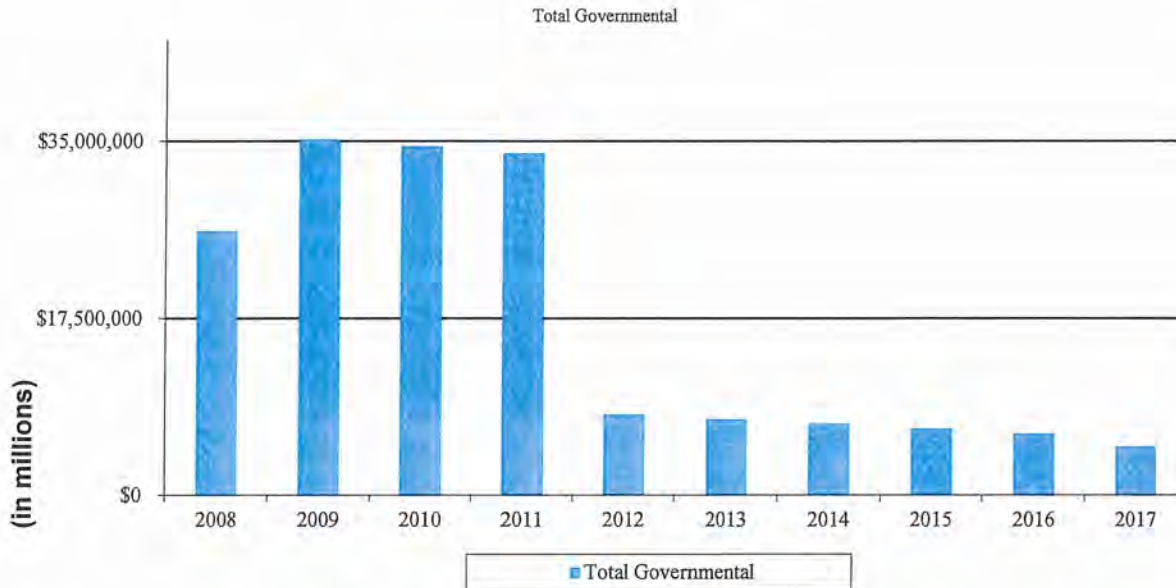
Fiscal Year ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2008	7,300,248	7,300,248	100.00%	7,300,248	100.00%
2009	8,042,309	8,042,309	100.00%	8,042,309	100.00%
2010	7,372,494	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%
2017	5,929,562	5,929,562	100.00%	5,929,562	100.00%

Source: Contra Costa County Assessor

CITY OF LAFAYETTE

RATIOS OF DEBT OUTSTANDING

LAST TEN FISCAL YEARS



Fiscal Year Ended June 30	Outstanding Debt		Total	Percent of Assessed Value	Percent of Personal Income	Per Capita
	General Obligation Bonds	Tax Allocation Bonds *				
	2008	9,255,000				
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
2017	4,835,000	-	\$4,835,000	0.0647%	0.2659%	\$192

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

6/30/2017

2016-17 Assessed Valuation (less incremental value): \$6,831,470,609

<u>DIRECT DEBT:</u>	<u>Total Debt</u> <u>6/30/2017</u>	<u>% Applicable (1)</u>	<u>City's Portion of</u> <u>Debt 6/30/17</u>
GO BONDS SERIES 2011 & 2016	\$4,835,000	100.000%	\$4,835,000
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Contra Costa County Pension Debt and Lease Revenue Bonds	\$680,233,606	4.092%	\$27,835,925
Contra Costa Fire District	75,540,000	8.912%	6,732,097
Acalanes Union High School District 1997, 2002, & 2008 Bonds	25,595,000	1.304%	333,875
Bay Area Rapid Transit District	250,836,245	4.092%	10,264,502
Contra Costa Community College District	53,895,650	4.092%	2,205,471
Pleasant Hill Recreation & Park Bond 2009	311,801,590	23.625%	73,662,359
East Bay Regional Park District	50,610,000	89.842%	45,469,259
Lafayette Elementary Bond 1995	12,617,364	15.900%	20,111
Orinda Elementary Bond	550,640,000	4.107%	22,616,545
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$189,140,144
TOTAL DIRECT DEBT			\$4,835,000
TOTAL OVERLAPPING DEBT			\$189,140,144
COMBINED TOTAL DEBT			\$193,975,144 (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 2016-17 Assessed Valuation:

Total Direct Debt (\$4,835,000).....	0.07%
Total Overlapping Tax and Assessment Debt.....	2.77%
Combined Total Debt.....	2.84%

Source: HdL, Coren & Cone

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CITY OF LAFAYETTE

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

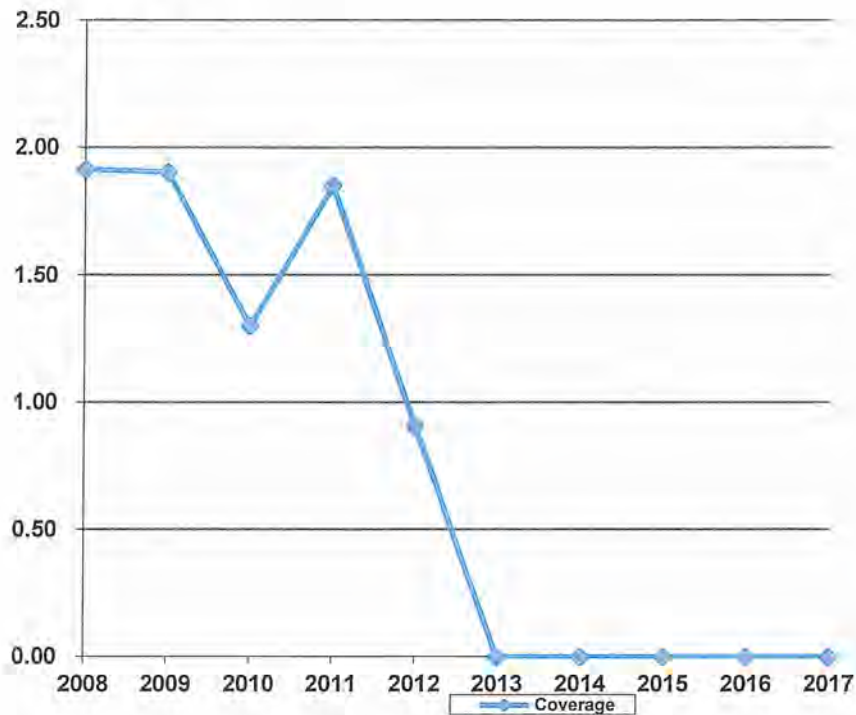
	<u>June 30,</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$191,601,685	\$203,232,727	\$209,965,799	\$211,974,416
Total net debt applicable to limit	<u>9,255,000</u>	<u>8,885,000</u>	<u>8,530,000</u>	<u>8,155,000</u>
Legal debt margin	<u>\$182,346,685</u>	<u>\$194,347,727</u>	<u>\$201,435,799</u>	<u>\$203,819,416</u>
Total net debt applicable to the limit as a percentage of debt limit	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>	<u>2017</u>
\$210,444,124	\$212,831,365	\$225,310,387	\$242,806,843	\$261,503,297	\$280,429,438
<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>4,835,000</u>
<u><u>\$202,419,124</u></u>	<u><u>\$205,301,365</u></u>	<u><u>\$218,230,387</u></u>	<u><u>\$236,196,843</u></u>	<u><u>\$255,383,297</u></u>	<u><u>\$275,594,438</u></u>
3.8%	3.5%	3.1%	2.7%	2.3%	1.7%

**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 *	
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	-	-	-	-
2017	-	-	-	-

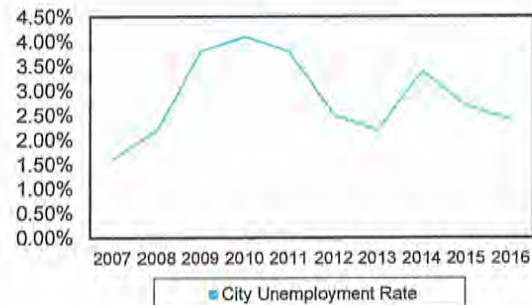
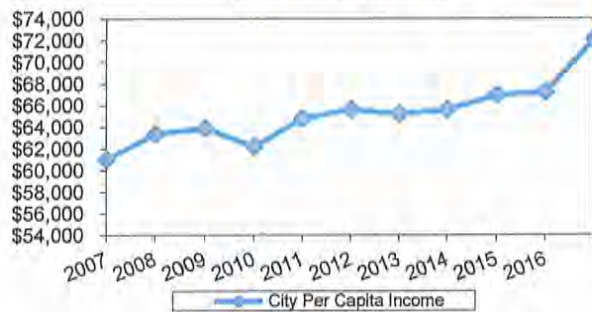
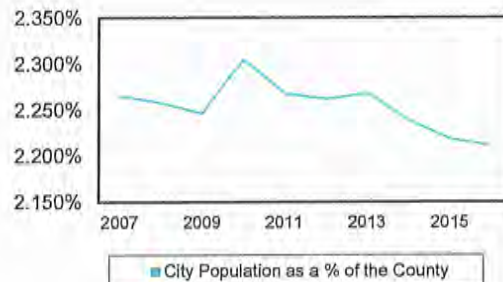
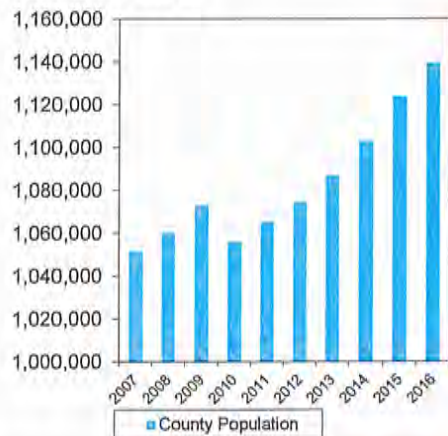
Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

* 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**



Calendar Year	City of Lafayette Population (1)	Percent Change In Population	City of Lafayette Personal Income (2) **	City of Lafayette Per Capita Income(3)
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
2016	25,199	1.1%	\$1,818,417	\$72,162

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, 2015 and 2016

** In Thousands

City of Lafayette Unemployment Rates (3)	Contra Costa County Population (1)	Contra Costa County Per Capita Income (2)
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	*
2.4%	1,139,513	*

**CITY OF LAFAYETTE
ANNUAL AVERAGE LABOR FORCE
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
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%
2016	12,300	2.4%	4.4%	5.4%

* 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, 2017**

Employer	2017		2008	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lafayette School District **	485	3.94%	N/A	N/A
Whole Foods Market ***	215	1.75%	N/A	N/A
Lafayette Park Hotel & Spa *	185	1.50%	N/A	N/A
Oakwood Athletic Club ***	165	1.34%	N/A	N/A
Diablo Foods ***	150	1.22%	N/A	N/A
Safeway Stores	132	1.07%	N/A	N/A
Acalanes High School **	120	0.98%	N/A	N/A
PSR Westcoast Builders	80	0.65%	N/A	N/A
Trader Joe's	75	0.61%	N/A	N/A
Bentley Upper School (9-12th)	74	0.60%	N/A	N/A
Total Top Employers	1,681	13.67%		
Total City Employment (1)	12,300			

* Includes Park Bistro and Bar

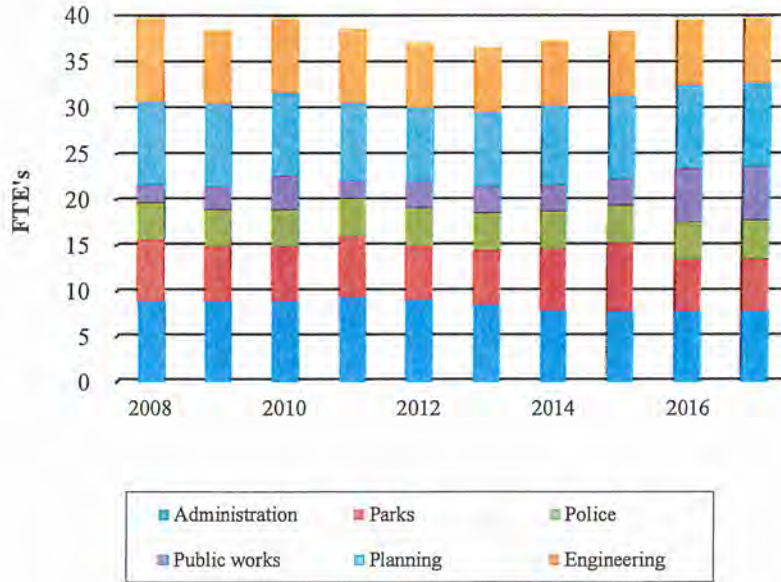
** Includes classified, certificated and admin.

*** Includes full and part time employees

(1) Total City Labor Force provided by EDD Labor Force Data.

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>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>	<u>2017</u>
Administration	8.87	8.87	8.87	9.37	8.97	8.47	7.87	7.72	7.72	7.72
Parks	6.75	6.00	6.00	6.68	6.00	6.00	6.75	7.55	5.75	5.75
Police	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.20
Public works	2.00	2.50	3.75	2.00	3.00	3.00	3.00	3.00	6.00	6.00
Planning	9.00	9.00	9.00	8.50	8.00	8.00	8.60	9.00	9.00	9.00
Engineering	9.00	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Total	39.62	38.37	39.62	38.55	36.97	36.47	37.22	38.27	39.47	39.67

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>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>
<u>Function/Program</u>										
<u>Police</u>										
Total reports	*	*	*	*	*	*	*	1,526	1,798	1,652
Calls for service	*	*	*	*	*	15,760	16,519	16,049	18,580	18,506
% officer-initiated activity	*	*	*	*	*	*	*	37%	41%	42%
Overall Part 1 crimes	*	*	*	*	*	441	496	404	548	441
# of residential burglaries	*	*	*	*	85	70	61	48	22	31
% of residential burglaries solved	*	*	*	*	*	*	*	33%	60%	53%
<u>Public Works</u>										
Work requests (outside normal service)	*	*	*	*	*	*	285	210	365	337
Abatement issues	*	*	*	*	*	*	53	32	54	3
Curb painting	*	*	*	*	*	*	18	8	21	4
Ditch cleaning	*	*	*	*	*	*	3	1	6	21
Litter removal	*	*	*	*	*	*	4	9	5	22
Sign installation, repair, replacement	*	*	*	*	*	*	61	53	98	75
Street repair	*	*	*	*	*	*	31	20	32	38
Tree/brush maintenance	*	*	*	*	*	*	6	9	20	23
Trimming vegetation	*	*	*	*	*	*	10	9	6	25
<u>Engineering</u>										
Encroachment permits	*	*	*	*	380	385	465	466	564	447
<u>Recreation</u>										
Class enrollments	8,874	7,871	8,595	9,236	8,643	9,953	11,714	9,794	12,423	15,081
Senior transportation- rides provided	1,892	2,154	2,399	2,979	3,104	3,878	3,979	4,316	4,237	3,813
<u>Planning</u>										
Total applications processed	269	248	239	251	232	265	287	279	288	347
Design Review Permits	32	40	24	26	22	26	22	30	23	35
General Pan Amendment	-	2	3	1	1	1	-	1	-	3
Hillside Development Permits	62	48	45	33	39	35	38	41	52	57
Second Unit	5	8	7	5	4	5	3	2	6	13
Sign Permits	10	9	16	10	2	12	6	10	6	16
Tree Permits	13	16	15	28	32	32	35	45	43	55
Variance Permits	27	21	2	10	21	15	12	14	15	16
Code Enforcement Incidents	*	*	*	*	*	*	190	228	305	436

* 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Police</u>				
Patrol vehicles	*	*	*	*
ALPR Vehicles	*	*	*	*
Traffic motorcycles	*	*	*	*
Dual sport motorcycles	*	*	*	*
All terrain vehicles	*	*	*	*
Equipment trailers	*	*	*	*
Speed trailers	*	*	*	*
Parking vehicles	*	*	*	*
Drones	*	*	*	*
<u>Public works</u>				
Vehicles	*	*	*	*
Trailers	*	*	*	*
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,

2012	2013	2014	2015	2016	2017
*	*	*	17	20	19
*	*	*	*	*	2
*	*	*	3	3	3
*	*	*	2	2	2
*	*	*	*	1	1
*	*	*	4	4	4
*	*	*	2	2	2
*	*	*	4	3	3
*	*	*	*	*	2
*	*	*	10	11	9
*	*	*	*	*	1
*	*	*	458	458	476
*	*	*	24	24	26
*	*	*	60	60	60
*	*	*	7	7	7
*	*	*	10	10	10
*	*	*	*	16	18
*	*	*	7	6	5
*	*	*	93	93	93
*	*	*	3	3	4
*	*	*	80	80	80
*	*	*	3	3	3

CITY OF LAFAYETTE
MISCELLANEOUS STATISTICAL DATA
June 30, 2017

Year of Incorporation	1968
Form of Government	General Law
Population	25,199
Median Age	44.4
Median Household Income	\$142,915
Registered Voters	17,644
Area in Square Miles	15.39
Number of Authorized Full-Time Equivalent City Employees	39.67

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

Public Education:

Elementary Schools	4
Middle Schools	1
High Schools	1

Libraries: (Contracted with Contra Costa County)

Number of Libraries	1
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Recreation and Culture:

Park Sites	4
Park Acreage	80

Community Facilities:

Lafayette Community Center	1
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Source: Various City of Lafayette Department Records