

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

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CITY OF LAFAYETTE

CALIFORNIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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City of Lafayette, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Prepared by
The Administrative Services Department**

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For the Year Ended June 30, 2019

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City Council

Mike Anderson, Mayor
Susan Candell, Vice Mayor
Steven Bliss, Council Member
Cameron Burks, Council Member
Teresa Geringer, Council Member

December 9, 2019

To: Lafayette City Council
From: Tracy Robinson, Administrative Services Director
RE: Fiscal Year 2018-19 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Lafayette for the fiscal year ending June 30, 2019 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, 2019. 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 2018-19. The Management Discussion and Analysis (MD&A) 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 population on 1/1/2019 as reported by the State of California Department of Finance was 26,327. The City is primarily a residential community with commercial (retail and office) and light industrial enterprises, as well as local governmental offices.

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

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

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

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

- In January, the City Council meets to set the goals and priorities for the upcoming fiscal year.
- In February and March, the department heads prepare their preliminary budgets and incorporate requests from commissions and committees.
- In mid-March, each department head meets with the City Manager, Administrative Services Director and Assistant Administrative Services Director 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, program and function. Department heads may transfer resources within a program 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 43.47 FTE regular employees as well as a number of temporary and seasonal employees. Most of the senior management team is experienced and long-tenured:

Niroop Srivatsa	City Manager	<1 year*
Tracy Robinson	Administrative Services Director	19 years
Jonathan Katayanagi	Parks & Recreation Director	3 years
Mike Moran	Public Works & Engineering Director	5 years
Joanne Robbins	City Clerk	25 years
Greg Wolff	Planning & Building Director	<1 year*
Jennifer Wakeman	Asst. Administrative Services Director	5 years
Ben Alldritt	Chief of Police, County (contract)	2 years
Mala Subramanian	City Attorney, BB&K (contract)	12 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.

**Note that while these individuals are new to these positions, they have both been employed by the City for 25 years.*

ECONOMIC CONDITION AND OUTLOOK

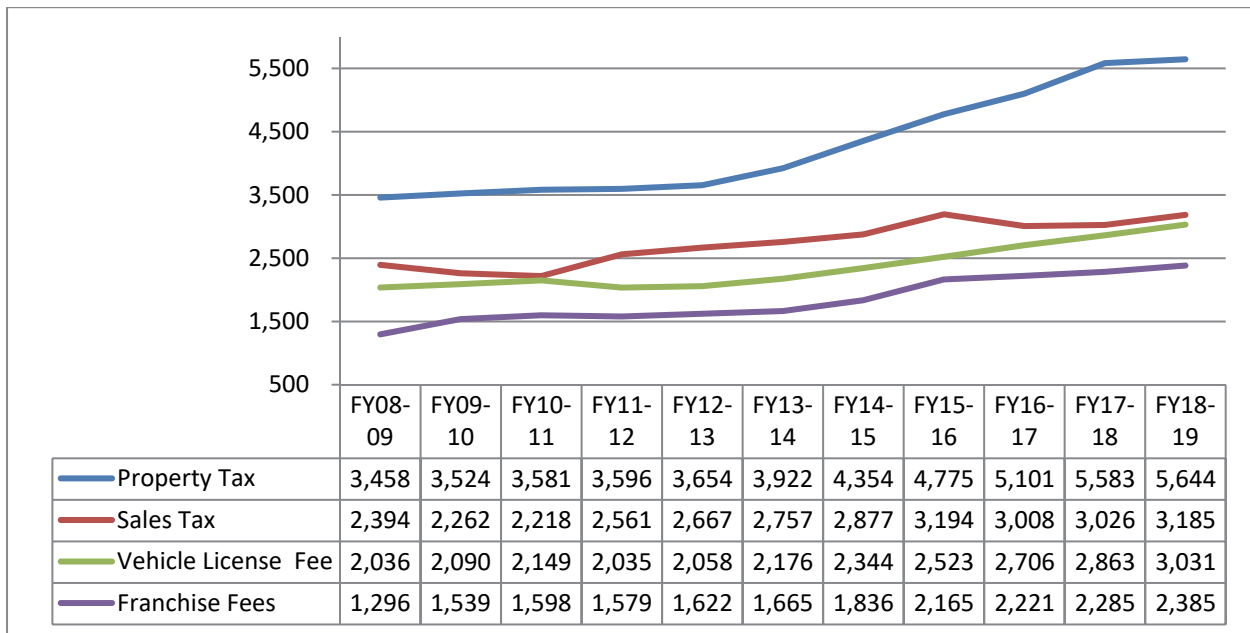
Local Economy

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 almost 72% having bachelor's degrees or higher and of this group, 50% having a masters, professional, associate, or doctorate degree. The median household income is \$157,061, which compares to \$95,339 for the County and \$67,739 for the State. The median sales price of homes in Lafayette (based on single family residential full value sales for 1/1/2017-6/30/2019) was \$1,572,250. Homeownership rates are also very high, at 73%, as compared to a state rate of 55%.

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 in FY15-16 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 a number of housing projects have been developed with several others currently in review. 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, 2019, 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, 2018, \$10.5M or 65% is designated for this purpose. This represents a \$300K decrease from the prior year primarily due to completion of deferred projects.

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. However, there are some areas of concern for the future that will need to be addressed: The Stormwater Pollution Fund is beginning to run deficits. Although several years ago the City starting putting away additional money in anticipation of these expenses, the City will now need to start drawing on those funds to balance the budget. The combination of increased requirements by the State coupled with an inability to increase fees may potentially impact service in other areas unless additional sources of revenue are identified. Similarly, the City’s Core Area Maintenance Fund continues to run a deficit that has heretofore been filled by General Funds. As costs in this area increase without a concomitant increase in revenue, the City’s ability to continue providing high quality services in the downtown may be compromised.

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 completely so that all public roads in Lafayette have been repaved, relieving one of the largest ongoing burdens on the General Fund. In order to maintain a Pavement Condition Index (PCI) rating of 76, the City estimates that the General Fund will need to contribute approximately \$1.8M per year. The City has identified \$1.65M of ongoing funding leaving an annual deficit of \$150K.

Finally, increasing legal fees from land use lawsuits are another area of concern and one that cannot necessarily be controlled by the Council. Local land use policies, which are increasingly being stifled by State law, have caused an increase in lawsuits by both residents and developers. Although the City may eventually prevail in many of these suits, the costs of defense are very high. For example, in 2018 the City has spent more than \$750K to defend a lawsuit in which the City will ultimately prevail. Furthermore, the City has also recently been threatened with what could be a very costly suit by a developer who objects to the participation of a specific Council member in the upcoming consideration of a multi-family project in a sensitive city corridor.

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 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, and select, highly-rated corporate notes.

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. For example, the City started a sinking fund of \$100K per year to fund the General Plan update which is expected to commence in 2020 and cost approximately \$500K.

It is the Council's policy to adopt a balanced budget each year with conservative estimates of revenue and expenses. For FY19-20, 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, 2018. This was the fourth 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 Assistant Administrative Services Director, 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, 2019

MAYOR

Mike Anderson

Term Expires November 2020

CITY COUNCIL

Susan Candell, Vice Mayor
Term Expires November 2022

Steven Bliss, Appointed Council Member
Term Expires November 2020

Cameron Burks, Council Member
Term Expires November 2020

Teresa Gerring, Council Member
Term Expires November 2022

CITY MANAGER

Niroop Srivatsa – 27 years of service

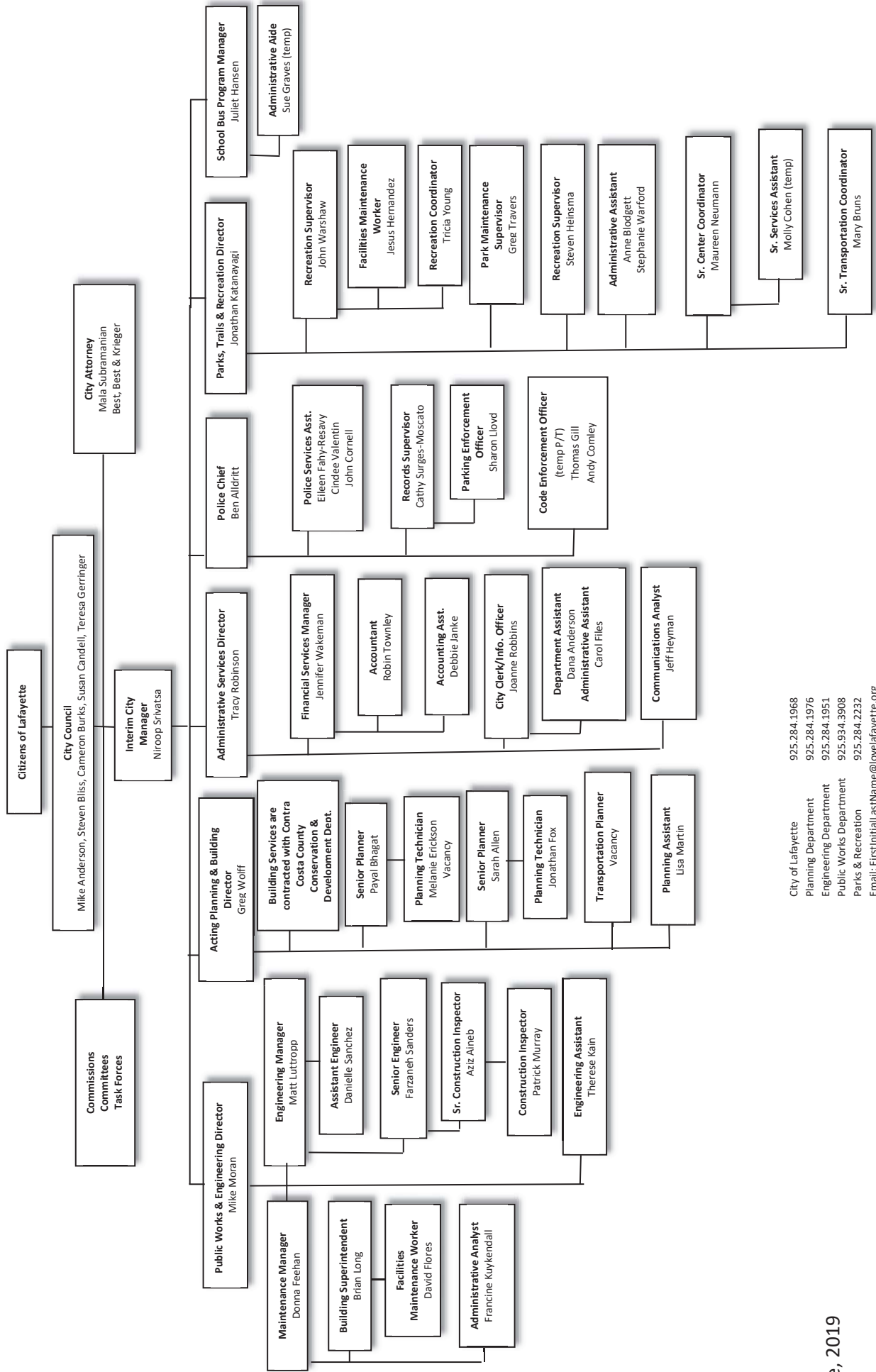
ADMINISTRATIVE SERVICES DIRECTOR

Tracy Robinson – 19 years of service

FINANCIAL SERVICES MANAGER

Jennifer Wakeman – 5 years of service

City of Lafayette Organization Chart



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



City of Lafayette

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, 2018

Christopher P. Morill

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, 2019, 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. 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, 2019, 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.

Emphasis of matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2019:

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. See Note 7 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification of our opinion.

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.

Pleasant Hill, California

DATE

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

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, 2019. 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 City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$135,888,445 (*net position*). Of this amount, \$29,547,915 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the fiscal year, the City's total net position increased \$976,641 compared to the net position at the end of last fiscal year. The unrestricted portion of the City's net position decreased by \$46,067 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 \$35,827,966, an increase of \$1,444,462 in comparison with the prior year. Of the governmental funds reported combined fund balances, \$10,896,915 (approximately 30% 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 \$14,150,102, or approximately 99.5% 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 \$3,865,000.

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 financials 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, 2019

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

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

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

The government-wide financial statements can be found on pages 17-19 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*.

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

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

from the other remaining governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

- General Fund includes the General Fund (11), Library Operations (37), and Insurance (76).
- Streets & Signals Fund includes only Streets & Signals (14).
- Capital Projects Fund includes Parks Facilities (12), Public Facilities (16), 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: Parking Programs (32), Vehicle Abatement (34), Senior Transportation (36), Low and Moderate Income Housing (38), Road Maintenance and Rehabilitation Program (69), 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 22-28 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 30-32 of this report.

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

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

The fiduciary fund financial statements can be found on pages 34-35 of this report.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

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 37-64 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 65-86)

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 88-131)

Government-wide Financial Analysis

The largest portion of the City's net position (74%) is the net investment in capital assets of \$100,129,245. 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 (22%) is the unrestricted portion of \$29,547,915. This portion primarily represents resources that are available to meet the City's ongoing obligations at the discretion of the City Council. Resources included in this amount that are not available to meet future obligations are the outstanding loans made by the City to the Redevelopment Agency in the amount of \$5,909,019.

The remaining portion of the City's net position totals \$6,211,285 and 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, 2019

Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Cash and investments	\$ 15,485,520	\$ 12,427,414	\$ 1,105,954	\$ 940,446	\$ 16,591,474	\$ 13,367,860
Other assets	23,362,583	24,862,288	315,984	177,566	23,678,567	25,039,854
Capital Assets	103,994,245	105,334,947	-	-	103,994,245	105,334,947
Total assets	142,842,348	142,624,649	1,421,938	1,118,012	144,264,286	143,742,661
Deferred Outflows of Resources	28,604	28,604	-	-	28,604	28,604
Liabilities						
Accounts payable & accrued liabilities	1,708,764	2,263,873	32,129	55,091	1,740,893	2,318,964
Refundable deposits	1,307,969	644,553	23,556	24,733	1,331,525	669,286
Due to other funds	-	-	-	-	-	-
Long-term debt	3,865,000	4,355,000	-	-	3,865,000	4,355,000
Other liabilities	867,824	1,064,848	587,014	451,363	1,454,838	1,516,211
Total liabilities	7,749,557	8,328,274	642,699	531,187	8,392,256	8,859,461
Deferred Inflows of Resources	12,189	-	-	-	12,189	-
Net position						
Net investment in capital assets	100,129,245	100,979,947	-	-	100,129,245	100,979,947
Restricted	6,211,285	4,337,875	-	-	6,211,285	4,337,875
Unrestricted	28,768,676	29,007,157	779,239	586,825	29,547,915	29,593,982
Total net position	\$ 135,109,206	\$ 134,324,979	\$ 779,239	\$ 586,825	\$ 135,888,445	\$ 134,911,804

The City's overall net position increased \$976,641 from last fiscal year's net position. This represents the combined change between an operational increase in governmental net position of \$784,227 and an operational increase in business-type net position of \$192,414. The reasons for these operational increases are discussed in the following sections on governmental and business-type activities.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 3,288,920	\$ 2,989,827	\$ 1,644,445	\$ 1,350,305	\$ 4,933,365	\$ 4,340,132
Operating grants and contributions	1,015,748	771,828	-	-	1,015,748	771,828
Capital grants and contributions	432,079	466,273	-	-	432,079	466,273
General revenues						
Property taxes	6,542,501	6,280,834	-	-	6,542,501	6,280,834
Other taxes	7,269,685	7,522,297	-	-	7,269,685	7,522,297
Other	4,265,732	4,029,520	5,493	1,418	4,271,225	4,030,938
Total revenues	22,814,665	22,060,579	1,649,938	1,351,723	24,464,603	23,412,302
Expenses:						
General government	4,578,887	4,404,082	-	-	4,578,887	4,404,082
Police services	5,986,121	5,693,891	-	-	5,986,121	5,693,891
Public works	2,795,505	3,330,799	-	-	2,795,505	3,330,799
Planning	782,243	834,927	-	-	782,243	834,927
Engineering	6,402,895	6,345,622	-	-	6,402,895	6,345,622
Interest on long-term debt	102,556	115,911	-	-	102,556	115,911
Recreation	-	-	1,427,524	1,212,550	1,427,524	1,212,550
Other	1,412,231	1,241,240	-	-	1,412,231	1,241,240
Total expenses	22,060,438	21,966,472	1,427,524	1,212,550	23,487,962	23,179,022
Change in net position before transfers	754,227	94,107	222,414	139,173	976,641	233,280
Transfers	30,000	30,000	(30,000)	(30,000)	-	-
Change in net position	784,227	124,107	192,414	109,173	976,641	233,280
Net position - beginning	134,324,979	134,200,872	586,825	477,652	134,911,804	134,678,524
Net position - ending	\$ 135,109,206	\$ 134,324,979	\$ 779,239	\$ 586,825	\$ 135,888,445	\$ 134,911,804

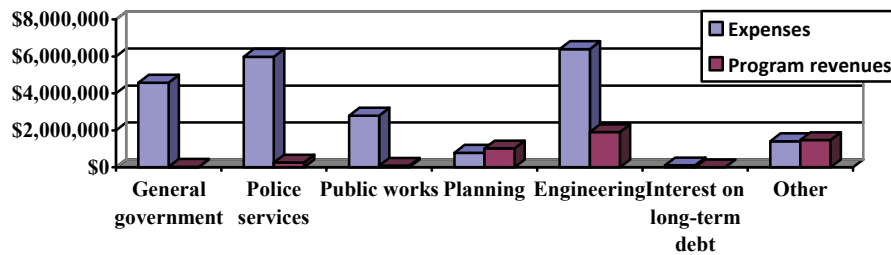
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$784,227 from the prior fiscal year balance, for an ending balance of \$135,109,206.

- Governmental activities revenues increased 3.4% from the prior year, the result of an increase in charges for services, operating grants and contributions and general revenues.
 - Charges for services increased nearly \$300,000 compared to last fiscal year due to the submission and processing of several large projects.
 - Operating grants and contributions revenues increased by \$243,920 due to 1) increased staffing and utility costs for the Lafayette Library, the operations for which are reimbursed to the City by the Lafayette Library and Learning Foundation and 2) funding received from the California Department of Transportation for the senior transportation program.
 - Under general revenues, property tax revenues for the year came in \$261,667 higher than in the previous fiscal year.
- Governmental activities expenses increased 0.4% from the prior year, with the largest changes in police services and public works.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2019

- Police services costs were \$292,230 greater this year due to higher officer costs (\$175,100), additional personnel (\$30,000), and contractual service costs due to an additional contribution to school crossing guards (\$40,000).
- Public works expenses decreased \$535,294 primarily because in fiscal year 2017/18 the City incurred \$584,000 in expenses due to stabilization work on St. Mary's Road that resulted from the winter storms.

Expenses and Program Revenues - Governmental Activities



- Police services recouped 4% of its program costs, or \$251,488 in program revenues
- Planning recouped more than its costs in this fiscal year, which is representative of timing differences between when plan work is done versus when fees are paid
- With program revenues of \$1,903,102, Engineering (which includes capital project costs) recoups about 30% 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 services, the senior transportation program and library operations

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 \$192,414, or 33%, to reach an ending net position of \$779,239. The increase in net position this year is attributable to ongoing efforts to operate a self-sustaining recreation program and continued expansion of after school enrichment, particularly the After School Awesome Program initiated in September 2018. 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.

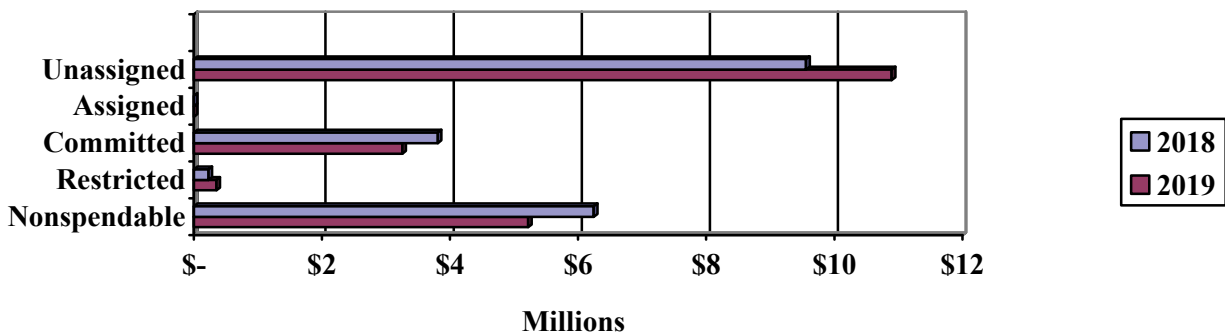
CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2019

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.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$35,827,966 an increase of \$1,444,462 in comparison with the prior year. Approximately 30% of the combined fund balance, or \$10,896,915, 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 (\$5,224,305), 2) legally required to be maintained intact (\$0), 3) restricted for particular purposes (\$10,479,277), 4) committed for particular purposes (\$9,227,469), 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 \$10,896,915, while total fund balance decreased to \$19,724,091. 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 77% of total general fund expenditures, which far exceeds the minimum industry recommendation from the Government Finance Officers Association of no less than two months (17%). Total fund balance represents about 139% of that same amount.

**General Fund
 Components of Fund Balance
 June 30, 2018 and 2019**



The fund balance of the City's general fund decreased by \$117,951 and is the net result of \$931,915 in revenues over expenditures / transfers out and an adjustment to the loan receivable from the Successor Agency of the City of Lafayette in the amount of \$1,049,866. Based on the loan agreement, interest accrued on this loan, at a rate of 8% per annum until dissolution of redevelopment when the methodology was revised to the average annual Local Agency Investment Fund rate. Subsequent to this, SB107 clarified sponsoring entity loans were eligible for repayment at 3% quarterly interest from the date of origination of the loan. As a result of this recalculation, the loan amount was adjusted down by \$1,049,866.

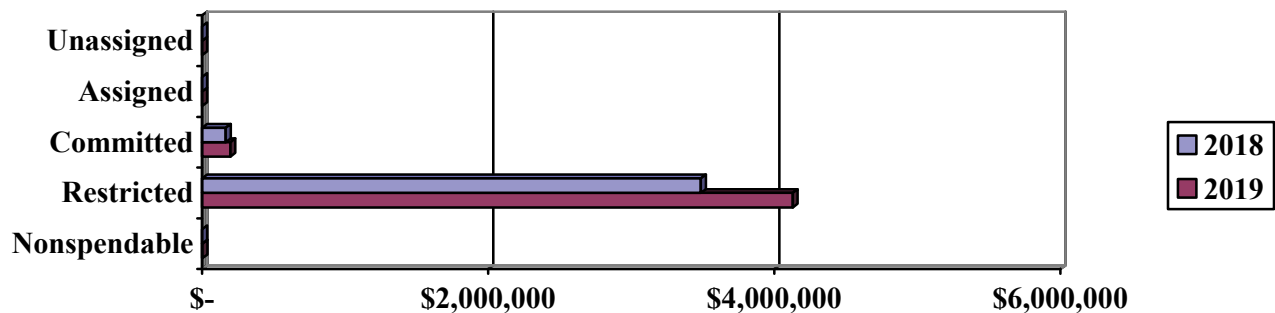
CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2019

The streets and signals fund, a major governmental fund, had a \$1,072,425 increase in fund balance in the current fiscal year, resulting in an end of year balance of \$2,624,019. The net positive change was the result of accumulating fee revenues for future capital projects and the allocation of monies from the General Fund transfer that will be used to complete projects in the next fiscal year.

The capital projects funds, a major fund, had a \$197,826 increase in fund balance during the current fiscal year which raised the overall fund balance to \$8,557,285. This was primarily due to the receipt of development impact fees on several large projects (\$1,273,523) being offset by the expenditure of \$1,100,000 for the open space at 3333 Hamlin Road, also known as the Batwing Property.

The debt service fund, the remaining major fund, had an \$18,153 increase in fund balance during the current fiscal year, which put the overall fund balance at \$594,828. The increase results from the receipt of property tax in excess of the debt service expenditures for the year. It is the City's intention in calculating the tax levy each year that 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, 2018 and 2019**



Governmental funds that do not meet the determination of a major fund are presented in the aggregate. The other governmental funds had a \$274,009 increase in fund balance, resulting in an end of year balance of \$4,327,743. This increase is attributable to the receipt of more money than was used in the year with regard to Road Maintenance and Rehabilitation (\$274,464) and Gas Tax (\$235,753) offset by activity in the Measure J fund in which accumulated resources were used in excess of what was collected during the year (\$240,831). Monies in these three funds are typically collected annually, accumulated over time and then expended when applicable projects require funds.

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, 2019

Unrestricted net position of the recreation programs at the end of the year was \$779,239. The total growth in net position for the fund was \$192,414. 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 and expansion of after school enrichment programs at each of the elementary school campuses and at the Lafayette Community Center. 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:
 - \$20,000 for replacement of a public works vehicle
 - \$25,000 of additional funds for a camera system on the BART Pathway
 - \$30,000 for a schematic of the BART Pathway art
 - \$40,000 to design and install Rectangular Rapid Flashing Beacons to Glenside Drive at the Lafayette-Moraga Regional Trail Crossing in order to improve pedestrian safety
 - \$100,000 for additional outside legal counsel
 - \$290,000 for a one-time disbursement to cover accrued leaves due to the separation of the long-time City Manager
 - \$408,000 of additional funds transferred to the Streets & Signals Fund for the surface seal projects
 - \$250,000 for the setting of a bonus pool for staff

Final budget compared to actual results. Actual revenues came in over budget by \$383,187.

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 5.97% from \$7,868,941,678 in fiscal year 2017/18 to \$8,338,342,257 in fiscal year 2018/19. Differences between the property tax budget and actual revenues received are due to the challenges with regard to the timing of real estate transactions and when they actually hit the tax roll. For example, homes sales from calendar year 2017 are reflected in the tax roll for fiscal year 2018/19 and can account for half of the change in assessed value for the City.

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

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

Actual expenditures came in \$1,664,167 under budget. The primary sources of these savings were police services and public works. Police services were under budget by \$402,621 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 \$338,545 due to lower than budgeted contractual services costs (\$186,860) and unused prior years' savings budgets (\$100,000).

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, 2019 is valued at \$103,994,245. The City did not have any capital assets for its business-type activities as of June 30, 2019.

	Governmental activities	
	2019	2018
Land	\$ 14,015,574	\$ 13,777,425
Improvements	2,282,019	2,299,099
Buildings	38,334,264	39,410,099
Infrastructure	45,739,412	46,260,690
Equipment	383,264	443,381
Vehicles	389,200	385,931
Books and artwork	1,238,313	1,167,910
Construction in progress	1,612,199	1,590,412
Total capital assets	\$ 103,994,245	\$ 105,334,947

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

- Completed the 2018 Road & Drain Rehabilitation Project
- Completed the 2018 Drainage Rehabilitation Project
- Completed the 2018 Surface Seal Program
- Completed the Moraga Road / Mt. Diablo Boulevard Pilot Project Installation
- Finalized the property and improvement exchange with the East Bay Municipal Utility District, opening the East End Public Parking Lot

Additional information on the City's capital assets can be found in Note 6 on page 52.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2019

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$3,865,000. 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, 2019, the City did not have any long-term obligations for its business-type activities.

The City's total debt decreased by \$490,000 (11%) during the current fiscal year due to the regularly scheduled principal payments on the existing outstanding debt issues.

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 \$18 million, which is significantly in excess of the City's outstanding general obligation debt of \$3,865,000.

Additional information on the City's long-term debt can be found in Note 7 on page 53-54 of this report.

Economic Factors

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 almost 72% having bachelor's degrees or higher and of this group, 50% having a masters, professional, associate, or doctorate degree. The median household income is \$157,061, which compares to \$95,339 for the County and \$67,739 for the State. The median sales price of homes in Lafayette (based on single family residential full value sales for 1/1/2017-6/30/2019) was \$1,572,250. Homeownership rates are also very high, at 73%, as compared to a state rate of 55%.

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, 2019

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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 3)	\$20,617,796	\$1,105,954	\$21,723,750
Restricted cash and investments (Note 3)	9,331,962		9,331,962
Accounts receivable	2,863,016	290,538	3,153,554
Interest receivable	36,139	2,534	38,673
Prepaid items (Note 1J)	44,069	22,912	66,981
Loan receivable from Successor Agency (Note 5)	5,909,019		5,909,019
Other assets	46,102		46,102
Capital assets (Note 6):			
Non-depreciable	16,210,922		16,210,922
Depreciable, net of accumulated depreciation	<u>87,783,323</u>		<u>87,783,323</u>
Total Assets	<u>142,842,348</u>	<u>1,421,938</u>	<u>144,264,286</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB (Note 9)	<u>28,604</u>		<u>28,604</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,677,414	32,129	1,709,543
Interest payable	31,350		31,350
Refundable deposits	1,307,969	23,556	1,331,525
Unearned revenue	34,754	545,967	580,721
Accrued compensated absences (Note 1G):			
Due within one year	111,633	8,209	119,842
Due in more than one year	446,531	32,838	479,369
Long-term debt (Note 7):			
Due within one year	505,000		505,000
Due in more than one year	3,360,000		3,360,000
Net OPEB liability, due in more than one year (Note 9)	<u>274,906</u>		<u>274,906</u>
Total Liabilities	<u>7,749,557</u>	<u>642,699</u>	<u>8,392,256</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB (Note 9)	<u>12,189</u>		<u>12,189</u>
NET POSITION (Note 10)			
Net investments in capital assets	<u>100,129,245</u>		<u>100,129,245</u>
Restricted for:			
Debt service	594,828		594,828
Special revenue projects	2,139,262		2,139,262
Capital projects	935,438		935,438
Housing projects	1,569,781		1,569,781
Lighting and landscaping	255,463		255,463
Community Services	<u>716,513</u>		<u>716,513</u>
Total Restricted Net Position	<u>6,211,285</u>		<u>6,211,285</u>
Unrestricted	<u>28,768,676</u>	<u>779,239</u>	<u>29,547,915</u>
Total Net Position	<u>\$135,109,206</u>	<u>\$779,239</u>	<u>\$135,888,445</u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council, commissions, and community support	\$1,324,124			
Police services	5,986,121	\$86,141	\$165,347	
Parking services	418,305	563,992		
Public works	2,795,505	76,528		\$3,000
Senior transportation	144,879	16,576	171,754	
Library operations	849,047	42,529	672,021	
Planning	782,243	1,009,119	6,626	
Engineering	6,402,895	1,474,023		429,079
Administration	3,254,763	20,012		
Interest on long-term debt	102,556			
Total Governmental Activities	22,060,438	3,288,920	1,015,748	432,079
Business-type Activities:				
Recreation Programs	1,427,524	1,644,445		
Total Business-type Activities	1,427,524	1,644,445		
Total	\$23,487,962	\$4,933,365	\$1,015,748	\$432,079
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)				
SPECIAL ITEM - Adjustment to loans receivable (Note 5)				
Total general revenues and transfers				
Change in Net Position				
Net Position-Beginning				
Net Position-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$1,324,124)		(\$1,324,124)
(5,734,633)		(5,734,633)
145,687		145,687
(2,715,977)		(2,715,977)
43,451		43,451
(134,497)		(134,497)
233,502		233,502
(4,499,793)		(4,499,793)
(3,234,751)		(3,234,751)
(102,556)		(102,556)
(17,323,691)		(17,323,691)
	\$216,921	216,921
	216,921	216,921
(17,323,691)	216,921	(17,106,770)
6,542,501		6,542,501
3,184,917		3,184,917
2,385,251		2,385,251
777,788		777,788
535,103		535,103
386,626		386,626
3,031,410		3,031,410
594,171	5,493	599,664
1,781,357		1,781,357
30,000	(30,000)	
(1,141,206)		(1,141,206)
18,107,918	(24,507)	18,083,411
784,227	192,414	976,641
134,324,979	586,825	134,911,804
\$135,109,206	\$779,239	\$135,888,445

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CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2019

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 2019. 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.

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, 2019

	General Fund	Streets and Signals Fund	Capital Projects Fund
ASSETS			
Cash and investments (Note 3)	\$14,776,560		\$5,712,104
Restricted cash and investments (Note 3)		\$2,781,543	2,839,257
Accounts receivable	1,954,393	67,749	3,870
Interest receivable	6,635	8,383	16,487
Due from other funds (Note 4B)	415,593		
Prepaid items (Note 1J)	40,477	1,582	
Loans receivable from Successor Agency (Note 5)	5,180,236		
Other assets	46,102		
	<u>\$22,419,996</u>	<u>\$2,859,257</u>	<u>\$8,571,718</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$1,378,987	\$220,143	\$14,433
Due to other funds (Note 4B)			
Refundable deposits	1,307,657	312	
Unearned revenue	9,261	14,783	
	<u>2,695,905</u>	<u>235,238</u>	<u>14,433</u>
FUND BALANCES			
Fund balance (Note 10):			
Nonspendable	5,220,713	1,582	
Restricted	353,276	935,438	4,936,189
Committed	3,253,187	1,686,999	3,621,096
Unassigned	10,896,915		
	<u>19,724,091</u>	<u>2,624,019</u>	<u>8,557,285</u>
Total Fund Balances	<u>\$22,419,996</u>	<u>\$2,859,257</u>	<u>\$8,571,718</u>
Total Liabilities and Fund Balances	<u>\$22,419,996</u>	<u>\$2,859,257</u>	<u>\$8,571,718</u>

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$129,132	\$20,617,796
\$594,828	3,116,334	9,331,962
	837,004	2,863,016
	4,634	36,139
		415,593
	2,010	44,069
	728,783	5,909,019
		46,102
<u>\$594,828</u>	<u>\$4,817,897</u>	<u>\$39,263,696</u>
	\$63,851	\$1,677,414
	415,593	415,593
		1,307,969
	10,710	34,754
	<u>490,154</u>	<u>3,435,730</u>
	2,010	5,224,305
\$594,828	3,659,546	10,479,277
	666,187	9,227,469
		10,896,915
<u>594,828</u>	<u>4,327,743</u>	<u>35,827,966</u>
<u>\$594,828</u>	<u>\$4,817,897</u>	<u>\$39,263,696</u>

CITY OF LAFAYETTE
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2019

Total fund balances reported on the Governmental Funds Balance Sheet \$35,827,966

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. 103,994,245

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 liability and related deferred inflows and outflows	(258,491)
Interest payable	(31,350)
Compensated absences	(558,164)
Long-term debt	<u>(3,865,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$135,109,206

See accompanying notes to financial statements

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CITY OF LAFAYETTE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General	Streets and Signals	Capital Projects Fund
REVENUES			
Property taxes	\$5,257,039		
Sales tax	3,184,917		
Other taxes	3,549,665		
Charges for services	1,575,333	\$463,426	\$1,273,523
Intergovernmental	3,054,636		
Licenses and permits	399,552		
Fines, forfeitures and penalties	61,467		
Use of money and property	522,335	16,308	42,606
Miscellaneous	261,965	50,498	
Total Revenues	17,866,909	530,232	1,316,129
EXPENDITURES			
Current:			
City council, commissions, and community support	1,392,241		
Police services	5,199,565		
Parking services			
Public works	1,609,538		143,015
Senior transportation			
Library operations	849,047		
Planning	782,243		
Engineering	656,676	405,270	
Administration	3,254,763		
Capital outlay	473,132	2,334,776	1,149,802
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	14,217,205	2,740,046	1,292,817
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,649,704	(2,209,814)	23,312
OTHER FINANCING SOURCES (USES)			
Transfers in (Note 4A)	25,000	3,282,239	174,514
Transfers (out) (Note 4A)	(2,742,789)		
Total Other Financing Sources (Uses)	(2,717,789)	3,282,239	174,514
Net Change in Fund Balances before special item	931,915	1,072,425	197,826
SPECIAL ITEM			
Adjustments to loans receivable (Note 5)	(1,049,866)		
NET CHANGE IN FUND BALANCES	(117,951)	1,072,425	197,826
BEGINNING FUND BALANCES	19,842,042	1,551,594	8,359,459
ENDING FUND BALANCES	\$19,724,091	\$2,624,019	\$8,557,285

See accompanying notes to financial statements

Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$613,191	\$672,271	\$6,542,501
		3,184,917
	1,550,759	5,100,424
	363,109	3,675,391
	279,243	3,333,879
	26,326	425,878
	219,719	281,186
	12,922	594,171
	75,982	388,445
<u>613,191</u>	<u>3,200,331</u>	<u>23,526,792</u>
		1,392,241
	592,145	5,791,710
	418,305	418,305
	900,637	2,653,190
	144,879	144,879
		849,047
		782,243
	62,713	1,124,659
		3,254,763
	7,339	3,965,049
490,000		490,000
105,038		105,038
<u>595,038</u>	<u>2,126,018</u>	<u>20,971,124</u>
<u>18,153</u>	<u>1,074,313</u>	<u>2,555,668</u>
	512,775	3,994,528
	(1,221,739)	(3,964,528)
	(708,964)	30,000
18,153	365,349	2,585,668
	(91,340)	(1,141,206)
18,153	274,009	1,444,462
<u>576,675</u>	<u>4,053,734</u>	<u>34,383,504</u>
<u>\$594,828</u>	<u>\$4,327,743</u>	<u>\$35,827,966</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, 2019

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	\$1,444,462
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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 and other capitalized expenditures are therefore added back to fund balance.	3,969,153
Capital contributions are added back to fund balance	429,079
Depreciation expense is deducted from the fund balance	(5,616,016)
Loss on disposal of capital asset is deducted from fund balance	(122,918)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

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

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

Interest payable	2,482
Compensated absences	198,906
Net OPEB liabilities and related deferred inflows and outflows	(10,921)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$784,227
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See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

	<u>Recreation Programs</u>
ASSETS	
Current Assets:	
Cash and investments (Note 3):	\$1,105,954
Accounts receivable	290,538
Interest receivable	2,534
Prepaid items (Note 1J)	<u>22,912</u>
Total Assets	<u>1,421,938</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	32,129
Refundable deposits	23,556
Accrued compensated absences - Due within one year (Note 1G):	8,209
Unearned revenue	<u>545,967</u>
Total current liabilities	<u>609,861</u>
Non-Current Liabilities:	
Accrued compensated absences - Due in more than one year (Note 1G):	<u>32,838</u>
Total liabilities	<u>642,699</u>
NET POSITION (Note 10)	
Unrestricted	<u>779,239</u>
Total Net Position	<u><u>\$779,239</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, 2019

	Recreation Programs
OPERATING REVENUES	
Recreation fees	\$1,515,003
Building rentals	129,342
Miscellaneous	100
Total Operating Revenues	1,644,445
OPERATING EXPENSES	
Personnel services	676,384
Contractual services	658,287
Printing and supplies	86,596
Capital outlay	6,257
Total Operating Expenses	1,427,524
Operating Income	216,921
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,493
Total Nonoperating Revenues (Expenses)	5,493
Income Before Capital Contributions and Transfers	222,414
Transfers (out) (Note 4A)	(30,000)
Change in Net Position	192,414
BEGINNING NET POSITION	586,825
ENDING NET POSITION	\$779,239

See accompanying notes to financial statements

CITY OF LAFAYETTE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Recreation Programs</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$1,620,970
Payments to suppliers	(775,279)
Payments to employees	<u>(671,798)</u>
Cash Flows from (used for) Operating Activities	<u>173,893</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund receipts	17,827
Transfers (out)	<u>(30,000)</u>
Cash Flows from (used for) Noncapital Financing Activities	<u>(12,173)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>3,788</u>
Cash Flows from Investing Activities	<u>3,788</u>
Net Cash Flows	165,508
Cash and investments at beginning of period	<u>940,446</u>
Cash and investments at end of period	<u><u>\$1,105,954</u></u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating income	\$216,921
Change in assets and liabilities:	
Receivables, net	(131,628)
Prepaid items	(22,912)
Accounts payable and other accrued expenses	(22,962)
Accrued compensated absences	4,586
Refundable deposits	(1,177)
Unearned revenue	<u>131,065</u>
Cash Flows from (used for) Operating Activities	<u><u>\$173,893</u></u>

See accompanying notes to financial statements

CITY OF LAFAYETTE
Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$1,726,082
Restricted cash and investments held by fiscal agents (Note 3)	\$2,148,598	
Receivables:		
Accounts		330,320
Interest		4,008
Other assets		500
Prepaid items		9,777
	2,148,598	\$2,070,687
Total Assets		\$2,070,687
LIABILITIES		
Accounts payable		\$753,289
Compensated absences		11,595
Interest payable	650,866	
Due to members/agency		1,305,803
Loan payable to the City's General Fund (Note 5)	5,180,236	
Loan payable to the Parking Programs Fund (Note 5)	728,783	
Long-term debt - due in less than one year	965,000	
Long-term debt - due in more than one year	33,847,005	
	41,371,890	\$2,070,687
Total Liabilities		\$2,070,687
NET POSITION		
Held in trust for private purposes	(39,223,292)	
Total Net Position	(\$39,223,292)	

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$2,894,312
Use of money and property	18,848
Total Additions	2,913,160
DEDUCTIONS	
Contractual services	75,661
Interest expense and fiscal charges	1,451,001
Total Deductions	1,526,662
SPECIAL ITEM	
Adjustments to loans payable (Note 5)	1,141,206
CHANGE IN NET POSITION	2,527,704
NET POSITION, BEGINNING OF YEAR	(41,750,996)
NET POSITION, END OF YEAR	(\$39,223,292)

See accompanying notes to financial statements

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CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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 26,327. 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, including a blended component unit.

Blended Component Unit

City of Lafayette Public Facilities Financing Authority (Authority)

The Authority is a joint exercise of powers authority duly organized and existing under and pursuant to that certain Joint Exercise of Powers Agreement, by and between the City and the former Redevelopment Agency of the City of Lafayette. It was created by the City of Lafayette City Council (City Council) on February 1, 2002 for the purpose of acting as a vehicle for various financing activities of the City. The City Council serves as the Board of Directors for the Authority.

The Authority did not have any operations for the current fiscal year.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements – The fund financial statements provide information about the City’s funds, including fiduciary funds. Separate statements for each fund category — *governmental*, *proprietary* 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.

Proprietary fund *operating* revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as interest income, result from nonexchange transactions or ancillary activities.

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 financials statements.

C. Major Funds

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

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

GENERAL FUND

The General Fund is 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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 vehicles	3 – 15
Book collection	20

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund (business-type) operations are accounted for the same as in the government-wide statements.

F. Property Taxes

State of California ("State") Constitution Article XIII provides for a maximum general property tax rate statewide of \$1 per \$100 of assessed value. Assessed value is calculated at 100% of market value at sale date plus a maximum annual increase of 2%, unless the value is written down by the county assessor after which it can go back to the value at sale date plus 2% compounded to current. The State Legislature has determined the method of distribution of receipts from the \$1 levy among the counties, cities, school districts and other districts. Counties, cities and school districts may levy such additional tax rate as is necessary to provide for voter approved debt service.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

G. *Compensated Absences*

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

The activities of the compensated absences for the year ended June 30, 2019 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance as of June 30, 2018	\$757,070	\$36,461	\$793,531
Additions	299,031	26,632	325,663
Payments	(497,937)	(22,046)	(519,983)
Ending Balance	<u>\$558,164</u>	<u>\$41,047</u>	<u>\$599,211</u>
Current Portion	<u>\$111,633</u>	<u>\$8,209</u>	<u>\$119,842</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of Estimates

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

I. Cash and Investments

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

J. Prepaid Items

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

K. Deferred Outflows/Inflows of Resources

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

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

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

M. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Fund Reorganization

In fiscal year 2018-19, the City's former Public Facilities Capital Projects Fund was absorbed into the Capital Projects Fund for financial statements reporting purposes.

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.
- 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

- 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 Major Funds below incurred expenditures in excess of appropriations in the amounts below. These Funds had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriation
Capital Projects Fund	
Public Works	\$35,773
Debt Service Fund	
Interest and fiscal charges	1,630

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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

<i>Statement of Net Position</i>	Amount
Cash and investments	\$21,723,750
Restricted cash and investments	9,331,962
Total cash and investments in primary government	31,055,712
 <i>Statements of Fiduciary Net Position</i>	
Restricted Cash and investments	
Private Purpose Trust Funds	2,148,598
Cash and investments:	
Agency Funds	1,726,082
Total Cash and investments	\$34,930,392

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.

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%
Money Market Mutual Funds	N/A	Top rating category	15%	10%
Collateralized Bank Deposits	5 years	N/A	100%	100%
Time Certificates of 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	\$40 million	100%
Savings Accounts or Money Market Accounts	5 years	N/A	N/A	N/A

*As of date of purchase

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

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	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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Joint Investment Pools:				
Local Agency Investment Fund	\$8,228,151			\$8,228,151
CalTrust	2,856,677			2,856,677
Federal Agencies	2,002,808	\$1,009,575		3,012,383
Corporate Notes	1,043,824	1,002,770	\$508,627	2,555,221
General Obligation Bonds			809,286	809,286
Money Market Mutual Funds	292,002			292,002
Money Market Funds	1,803,460			1,803,460
Certificates of Deposit	7,477,687	2,747,934	3,008,685	13,234,306
Total Investments	\$23,704,609	\$4,760,279	\$4,326,598	32,791,486
Cash in banks and on hand				2,138,906
Total Cash and Investments				\$34,930,392

F. Disclosures Relating to Credit Risk

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

Investment	Aa1	Aa2	Aa3	Aaa	Total
Joint Investment Pool:					
CalTrust			\$2,856,677		\$2,856,677
Federal Agencies				\$3,012,383	3,012,383
Corporate Notes	\$1,052,301	\$1,502,920			2,555,221
General Obligation Bonds			809,286		809,286
Money Market Mutual Funds				292,002	292,002
Money Market Funds				1,803,460	1,803,460
Subtotal	\$1,052,301	\$1,502,920	\$3,665,963	\$5,107,845	11,329,029
Not Rated:					
Joint Investment Pool:					
Local Agency Investment Fund					8,228,151
Certificates of Deposit					13,234,306
Total Investments					32,791,486
Exempt From Rating Requirement:					
Cash in banks and on hand					2,138,906
Total Cash and Investments					\$34,930,392

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

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

City did not have any investments that require disclosure as none met the 5% level as of June 30, 2019.

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, 2019, these investments have an average maturity of 173 days.

The City is a voluntary participant in the Investment Trust of California (CalTrust). Organized as a Joint Powers Authority ("JPA"), CalTrust is a program established by public agencies in California for the purpose of pooling and investing local agency funds – operating reserves as well as bond proceeds. A Board of Trustees supervises and administers the investment program of the Trust. Any California local agency may participate in the Trust and invest its funds, and in the case of counties, the funds of other local agencies that have invested with the County Treasurer's Office. CalTrust offers the option of four accounts to provide participating agencies – a money market, a short-term, a medium-term, and soon-to-be opened long-term account. For the Short-Term, Medium-Term, and Long-Term Accounts, funds from all participants are pooled in each of the accounts. Participants receive units in the Trust and designated shares for the particular accounts in which they invest.

CalTrust invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601, et. seq. and 53635, et. seq. Investment guidelines adopted by the Board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust's portfolios is prohibited. At June 30, 2019, the City had shares in the CalTrust Medium-Term Fund, which held investments in an average maturity of 2.16 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value Level:			
Federal Agencies		\$3,012,383	\$3,012,383
Corporate Notes		2,555,221	2,555,221
General Obligation Bonds		809,286	809,286
Certificates of Deposit		13,234,306	13,234,306
Money Market Mutual Fund	\$292,002		292,002
Subtotal	\$292,002	\$19,611,196	19,903,198
Investments Measured at Cost:			
Money Market Funds			1,803,460
Investments Exempt from Fair Value Hierarchy:			
California Local Agency Investment Fund			8,228,151
CalTrust			2,856,677
Total Investments			32,791,486
Cash in banks and on hand			2,138,906
Total Cash and investments			\$34,930,392

Money Market Mutual Funds classified in Level 1 of the fair value hierarchy are valued using calculated net asset value. Federal Agencies, Corporate Notes, General Obligations and Certificates of Deposit classified in Level 2 of the fair value hierarchy are valued using market closing pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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 the fiscal year 2018-19 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred
General Fund	Recreation Programs Fund	\$25,000 (A)
Streets and Signals Fund	General Fund	2,060,500 (A)
	Non-Major Governmental Funds	1,221,739 (A)
Capital Projects Fund	General Fund	174,514 (A)
Non-Major Governmental Funds	General Fund	507,775 (A)
	Recreation Programs Fund	5,000 (A)
Total Interfund Transfers		\$3,994,528

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 4 – INTERFUND ACTIVITIES (Continued)

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, 2019, interfund balances comprised the following:

	Due to Other Funds	Due from Other Funds
General Fund		\$415,593
Non-Major Special Revenue Funds:		
Supplemental Law Enforcement	\$385	
Stormwater Pollution	147,032	
Parking Programs	268,176	
	\$415,593	\$415,593

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.

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, 2019, the total principal and accrued interest on this loan was \$5,180,236.

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. As of June 30, 2019, the amount of interest outstanding was \$188,283 bringing the total balance to \$728,783 This loan is an enforceable obligation.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 5 – LOAN RECEIVABLE FROM SUCCESSOR AGENCY

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%. As a result, the above loan balances were reduced by a total amount of \$1,141,206 in fiscal year 2018-19.

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. As of June 30, 2019, the outstanding loan was paid off.

C. Collectability

When the fiscal year 2018-2019 Recognized Obligation Payments Schedule was submitted, the California Department of Finance denied repayment of the City’s General Fund and Parking Program Fund loans. The City believes that this denial was based on a very narrow interpretation of the current legislation’s language regarding loans. At this time, the City Council is exploring all options (legislative, legal, etc.) for repayment of these loans.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 6 – CAPITAL ASSETS

The following table presents the capital assets activity for the year ended June 30, 2019:

	Balance June 30, 2018	Additions and depreciation	Retirements	Transfers	Balance June 30, 2019
Governmental Activities					
Capital assets not being depreciated:					
Land	\$13,777,425			\$238,149	\$14,015,574
Artwork (library)	458,149	\$125,000			583,149
Construction in progress	1,590,412	4,046,078		(4,024,291)	1,612,199
Total capital assets, not being depreciated	<u>15,825,986</u>	<u>4,171,078</u>		<u>(3,786,142)</u>	<u>16,210,922</u>
Depreciable capital assets:					
Improvements	5,622,123	13,866	(\$125,000)	371,100	5,882,089
Buildings	46,393,681	8,001			46,401,682
Infrastructure	128,893,554			3,336,912	132,230,466
Equipment	1,551,406	15,528	(38,179)	78,130	1,606,885
Vehicles	1,705,212	189,759			1,894,971
Book collection (Library)	1,091,940				1,091,940
Total capital assets, being depreciated	<u>185,257,916</u>	<u>227,154</u>	<u>(163,179)</u>	<u>3,786,142</u>	<u>189,108,033</u>
Accumulated depreciation:					
Improvements	(3,323,024)	(279,129)	2,083		(3,600,070)
Buildings	(6,983,582)	(1,083,836)			(8,067,418)
Infrastructure	(82,632,864)	(3,858,190)			(86,491,054)
Equipment	(1,108,025)	(153,774)	38,178		(1,223,621)
Vehicles	(1,319,281)	(186,490)			(1,505,771)
Book collection (Library)	(382,179)	(54,597)			(436,776)
Total accumulated depreciation	<u>(95,748,955)</u>	<u>(5,616,016)</u>	<u>40,261</u>		<u>(101,324,710)</u>
Depreciable capital assets, net	<u>89,508,961</u>	<u>(5,388,862)</u>	<u>(122,918)</u>	<u>3,786,142</u>	<u>87,783,323</u>
Governmental capital assets, net	<u>\$105,334,947</u>	<u>(\$1,217,784)</u>	<u>(\$122,918)</u>		<u>\$103,994,245</u>

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	\$13,435
Engineering	5,353,820
Police Services	206,345
Public Works	<u>42,416</u>
Total Governmental Activities	<u>\$5,616,016</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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 - Direct Borrowings:	Original Issue Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Amount due within one year
2011 General Obligation Refunding Bonds 2.85%, due 7/15/25	\$2,960,000	\$2,590,000	\$190,000	\$2,400,000	\$205,000
2016 General Obligation Refunding Bonds 2.00%, due 7/15/23	\$2,055,000	1,765,000	300,000	1,465,000	300,000
		<u>\$4,355,000</u>	<u>\$490,000</u>	<u>\$3,865,000</u>	<u>\$505,000</u>

B. 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, 2019, the total principal and interest remaining to be paid on the bonds were \$2,400,000 and \$301,958, respectively.

C. 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. As of June 30, 2019, the total principal and interest remaining to be paid on the bonds were \$1,465,000 and \$70,650, respectively.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 7 – LONG-TERM LIABILITIES

D. Debt Service Requirements

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

Governmental Activity Debt - Direct Borrowings:			
For The Year Ending June 30	General Obligation Bonds		
	Principal	Interest	
2020	\$505,000	\$91,779	
2021	510,000	79,886	
2022	525,000	67,773	
2023	535,000	55,345	
2024	550,000	42,200	
2025-2026	1,240,000	35,625	
Total payments due	\$3,865,000	\$372,608	

NOTE 8 – RETIREMENT PLAN

A. Employee Retirement Plans

Employee Retirement Defined 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 2019 was approximately \$4,348,658. Contributions to the Plan totaled \$630,023 by the City and \$207,131 by individuals during the year.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 8 – RETIREMENT PLAN (Continued)

The following summarizes transactions in the Plan for the year ended June 30, 2019:

Balance as of June 30, 2018	\$13,095,581
Contributions:	
Employer	630,023
Employee	207,131
Other additions, net	175,818
Disbursements, net	(743,980)
Earnings and dividends	65,266
Appreciation, net	<u>859,411</u>
Balance as of June 30, 2019	<u><u>\$14,289,250</u></u>

Deferred Compensation Plan

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

Deferred contribution by a participant in any taxable year will not exceed the lessor 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, 2019:

Defined contribution retirement plan:	
Balance as of June 30, 2018	\$9,353,302
Contributions	530,266
Disbursements	(622,306)
Earnings	105,195
Appreciation	<u>477,931</u>
Balance as of June 30, 2019	<u><u>\$9,844,388</u></u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Plan Description – The City’s defined benefit post employment healthcare plan (“the OPEB plan”) is an agent multiple-employer plan that provides medical benefits to eligible retired City employees.

Benefits Provided –The following is a summary of Plan benefits by employee group as of June 30, 2019, are summarized as follows:

Benefit Types	All Participants
	Medical Only
Duration of Benefits	Lifetime
Required Service	10 Years
Minimum Age	62*
Dependent Coverage	None
District Contribution	50% of lowest cost single rate other than HSA

**Prior to age 62, the retiree must pay the full cost of coverage.*

For the year ended June 30, 2019, the City’s contributions to the Plan was \$28,604.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at June 30, 2019, the measurement date:

Active employees	42
Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to but not yet receiving benefit payments	0
Total	47

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	"Entry Age Actuarial Cost Method"
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	7.00%
Mortality Rate	Varies by age and sex
Healthcare Cost Trend Rate	4.00%

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

The underlying mortality assumptions were based on the Mortality Table of the 2014 CalPERS Active Mortality for Miscellaneous Employees and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a 2009 actuarial experience study of CalPERS.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	43%	7.7950
US Small Cap	23%	7.7950
Long-Term Corporate Bonds	12%	5.2950
Long-Term Government Bonds	6%	4.5000
Treasury Inflation Protected Securities (TIPS)	5%	7.7950
US Real Estate	8%	7.7950
All Commodities	3%	7.7950
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2017	\$545,206	\$269,032	\$276,174
Changes Recognized for the Measurement Period:			
Service Cost	23,604		23,604
Interest on the total OPEB liability	38,107		38,107
Employer Contribution		42,181	(42,181)
Employee Contribution			
Assumption Changes			
Expected Investment Income		19,408	(19,408)
Investment Gains/Losses		1,890	(1,890)
Administrative Expenses		(500)	500
Expected Benefit Payments	(13,577)	(13,577)	
Actual minus Expected Benefit Payments	(11,657)	(11,657)	
Net changes during July 1, 2017 to June 30, 2018	36,477	37,745	(1,268)
Balance at June 30, 2018 (Measurement Date)	\$581,683	\$306,777	\$274,906

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1%) or 1-percentage-point higher (1%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (1%)	Valuation Discount Rate	Discount Rate +1% (1%)
\$355,671	\$274,906	\$207,558

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

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
\$200,828	\$274,906	\$362,355

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$11,461.

At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$28,604	
Differences between actual and expected experience		\$10,677
Changes of assumptions		0
Net differences between projected and actual earnings on plan investments		1,512
Total	\$28,604	\$12,189

\$28,604 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2019	(\$1,358)
2020	(1,358)
2021	(1,358)
2022	(1,358)
2023	(980)
Thereafter	(5,777)

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, 2019 the breakout of this calculation is reflected as follows:

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Total Capital Assets at June 30, 2019:		\$103,994,245
Less: Related Debts at June 30, 2019		
Long-term debt	\$3,865,000	
Less: Portion of the Debt Attributable to the Unspent Proceeds	0	
Net Related Debt		(3,865,000)
Net Investment in Capital Assets		\$100,129,245

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, 2019 the breakout of restricted and unrestricted net position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources			
Cash and investments	\$20,617,796	\$1,105,954	\$21,723,750
Restricted cash and investments	9,331,962		9,331,962
Accounts and interest receivable	2,899,155	293,072	3,192,227
Loans receivable from Successor Agency	5,909,019		5,909,019
Other assets and deferred outflows of resources	118,775	22,912	141,687
Total Assets and Deferred Outflows of Resources	38,876,707	1,421,938	40,298,645
Liabilities and Deferred Inflows of Resources			
Accounts payable and accrued liabilities	1,677,414	32,129	1,709,543
Refundable deposits	1,307,969	23,556	1,331,525
Other liabilities and deferred inflows of resources	911,363	587,014	1,498,377
Total Liabilities and Deferred Inflows of Resources	3,896,746	642,699	4,539,445
Net Position			
Restricted	6,211,285		6,211,285
Unrestricted	28,768,676	779,239	29,547,915
	\$34,979,961	\$779,239	\$35,759,200

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City’s Fund Balances, as of June 30, 2019, are below:

Classifications	General Fund	Streets and Signals Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid Items	\$40,477	\$1,582			\$2,010	\$44,069
Loans Receivable from Successor Agency	5,180,236					5,180,236
Total Nonspendable	5,220,713	1,582			2,010	5,224,305
Restricted:						
Public Art In Lieu Fees	7,019					7,019
CalRecycle Grant	17,975					17,975
PEG Access	220,215					220,215
In Lieu Tree Program	108,067					108,067
Drainage Impact Fees		86,244				86,244
General Obligations Bond Proceeds			\$947			947
Walkways Impact Fees		126,926				126,926
Traffic Impact Fees		722,268				722,268
Public Safety					49,646	49,646
Low and Moderate Housing					1,569,781	1,569,781
Park Facilities Impact Fees			2,835,049			2,835,049
Streets and Roads					1,790,453	1,790,453
Assessment Districts					249,666	249,666
Parkland Acquisition in Lieu Fees			2,100,193			2,100,193
Debt Service				\$594,828		594,828
Total Restricted	353,276	935,438	4,936,189	594,828	3,659,546	10,479,277
Committed:						
Reserve Emergency Contingency	500,000					500,000
Youth Committee	20,441					20,441
Environmental Task Force	3,200					3,200
Bikeways Plan Update	14,000					14,000
Stormwater Pollution	450,000					450,000
Public Art	45,000					45,000
Facility Maintenance	900,000		\$580,032			1,480,032
Vacation/Sick Liability	558,156					558,156
Senior Services Program	13,709					13,709
Parking					468,779	468,779
Senior Transportation					197,408	197,408
Traffic Calming	101,100					101,100
EMBUD Pathway	25,000	40,000				65,000
General Plan Revision 2020	200,000					200,000
Public Works Vehicle Replacement	41,634					41,634
Planning/Engineering Vehicle Replacement	28,001					28,001
Police Vehicle Replacement/Transition	58,395					58,395
Computer Replacements	30,951					30,951
OPEB Reserve	18,600					18,600
Other Capital Projects	245,000	1,646,999	3,041,064			4,933,063
Total Committed	3,253,187	1,686,999	3,621,096		666,187	9,227,469
Unassigned:						
General Fund	10,896,915					10,896,915
Total Unassigned	10,896,915					10,896,915
Total Fund Balances	\$19,724,091	\$2,624,019	\$8,557,285	\$594,828	\$4,327,743	\$35,827,966

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2019

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, 2019

**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.

CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2019

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Agent Multiple-employer Plan
Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18
Total OPEB Liability (1)		
Service Cost	\$22,972	\$23,604
Interest	35,230	38,107
Changes of benefit terms		
Differences between expected and actual experience		
Changes of assumptions		
Employer Contributions	(24,583)	(42,181)
Actual Investment Income	(25,981)	
Expected Investment Income		(19,408)
Investment Gains/Losses		(1,890)
Administrative Expense	133	500
Benefit payments		
Net change in total OPEB liability	7,771	(1,268)
Total OPEB liability - beginning	268,403	276,174
Total OPEB liability - ending (a)	\$276,174	\$274,906
Covered-employee payroll	\$4,112,756	\$4,169,379
Total OPEB liability as a percentage of covered-employee payroll	6.72%	6.59%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

CITY OF LAFAYETTE Required Supplemental Information For the Year Ended June 30, 2019

SCHEDULE OF CONTRIBUTIONS
Defined Benefit Pension
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019
Actuarially determined contribution	\$24,583	\$42,181
Contributions in relation to the actuarially determined contribution	28,604	28,604
Contribution deficiency (excess)	(\$4,021)	\$13,577
Covered-employee payroll	\$4,169,379	\$4,348,658
Contributions as a percentage of covered-employee payroll	0.69%	0.66%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Payroll Growth	2.75%
Investment Rate of Return	7.00%
Mortality Rate	Varies by age and sex
Pre-Retirement Turnover	Varies based on length of service and may vary by other factor

* Fiscal year 2018 was the first year of implementation.

CITY OF LAFAYETTE
Required Supplementary Information
For the Year Ended June 30, 2019

GENERAL FUND

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

CITY OF LAFAYETTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Property	\$5,165,080	\$5,249,244	\$5,257,039	\$7,795
Sales	3,071,550	3,191,550	3,184,917	(6,633)
Other	6,483,427	6,387,455	6,581,075	193,620
Current service charges	1,347,755	1,351,101	1,575,333	224,232
Intergovernmental			23,226	23,226
Licenses and permits			399,552	399,552
Fines and forfeitures	75,000	75,000	61,467	(13,533)
Use of money and property	351,600	351,600	522,335	170,735
Miscellaneous	877,772	877,772	261,965	(615,807)
	<u>17,372,184</u>	<u>17,483,722</u>	<u>17,866,909</u>	<u>383,187</u>
EXPENDITURES:				
Current:				
City council, commissions, and community support	1,598,406	1,662,094	1,392,241	269,853
Police services	5,556,332	5,602,186	5,199,565	402,621
Public works	1,948,269	1,948,083	1,609,538	338,545
Library operations	970,157	970,157	849,047	121,110
Planning	918,384	930,384	782,243	148,141
Engineering	748,088	753,434	656,676	96,758
Administration	3,033,667	3,518,034	3,254,763	263,271
Capital outlay	356,700	497,000	473,132	23,868
	<u>15,130,003</u>	<u>15,881,372</u>	<u>14,217,205</u>	<u>1,664,167</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,242,181</u>	<u>1,602,350</u>	<u>3,649,704</u>	<u>2,047,354</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	418,423	418,423	25,000	(393,423)
Transfers (out)	(2,971,725)	(3,359,055)	(2,742,789)	616,266
	<u>(2,553,302)</u>	<u>(2,940,632)</u>	<u>(2,717,789)</u>	<u>222,843</u>
Net Change in Fund Balances before special item	(311,121)	(1,338,282)	931,915	2,270,197
SPECIAL ITEM				
Adjustments to loans receivable			(1,049,866)	(1,049,866)
NET CHANGE IN FUND BALANCE	<u>(\$311,121)</u>	<u>(\$1,338,282)</u>	(117,951)	<u>\$1,220,331</u>
Beginning fund balance			<u>19,842,042</u>	
Ending fund balance			<u>\$19,724,091</u>	

**CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2019**

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
STREETS AND SIGNALS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES:				
Charges for services	\$105,000	\$105,000	\$463,426	\$358,426
Intergovernmental	2,448,000	2,187,700		(2,187,700)
Use of money and property	2,500	2,500	16,308	13,808
Miscellaneous	450,000	450,000	50,498	(399,502)
Total Revenues	<u>3,005,500</u>	<u>2,745,200</u>	<u>530,232</u>	<u>(2,214,968)</u>
EXPENDITURES:				
Current:				
Engineering	482,098	485,750	405,270	80,480
Capital outlay	<u>5,077,500</u>	<u>7,009,700</u>	<u>2,334,776</u>	<u>4,674,924</u>
Total Expenditures	<u>5,559,598</u>	<u>7,495,450</u>	<u>2,740,046</u>	<u>4,755,404</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,554,098)</u>	<u>(4,750,250)</u>	<u>(2,209,814)</u>	<u>2,540,436</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,768,956</u>	<u>4,705,850</u>	<u>3,282,239</u>	<u>(1,423,611)</u>
Total other financing sources (uses)	<u>2,768,956</u>	<u>4,705,850</u>	<u>3,282,239</u>	<u>(1,423,611)</u>
NET CHANGE IN FUND BALANCE	<u>\$214,858</u>	<u>(\$44,400)</u>	1,072,425	<u>\$1,116,825</u>
Beginning fund balance			<u>1,551,594</u>	
Ending fund balance			<u>\$2,624,019</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Charges for services	\$950,290	\$900,292	\$1,273,523	\$373,231
Intergovernmental	199,601	199,601		(199,601)
Use of money and property	4,450	5,626	42,606	36,980
Miscellaneous	225,000	231,831		(231,831)
Total Revenues	<u>1,379,341</u>	<u>1,337,350</u>	<u>1,316,129</u>	<u>(21,221)</u>
EXPENDITURES:				
Current:				
Public works	107,250	107,242	143,015	(35,773)
Capital outlay	1,151,500	3,050,773	1,149,802	1,900,971
Total Expenditures	<u>1,258,750</u>	<u>3,158,015</u>	<u>1,292,817</u>	<u>1,865,198</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>120,591</u>	<u>(1,820,665)</u>	<u>23,312</u>	<u>1,843,977</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	174,522	174,514	174,514	
Total other financing sources (uses)	<u>174,522</u>	<u>174,514</u>	<u>174,514</u>	
NET CHANGE IN FUND BALANCE	<u>\$295,113</u>	<u>(\$1,646,151)</u>	197,826	<u>\$1,843,977</u>
Beginning fund balance			<u>8,359,459</u>	
Ending fund balance			<u>\$8,557,285</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	<u>\$670,000</u>	<u>\$670,000</u>	<u>\$613,191</u>	<u>(\$56,809)</u>
Total Revenues	<u>670,000</u>	<u>670,000</u>	<u>613,191</u>	<u>(56,809)</u>
EXPENDITURES:				
Debt service:				
Principal retirement	490,000	490,000	490,000	
Interest and fiscal charges	<u>238,667</u>	<u>103,408</u>	<u>105,038</u>	<u>(1,630)</u>
Total Expenditures	<u>728,667</u>	<u>593,408</u>	<u>595,038</u>	<u>(1,630)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u> </u>	<u>76,592</u>	<u>18,153</u>	<u>(58,439)</u>
NET CHANGE IN FUND BALANCE	<u> </u>	<u>\$76,592</u>	<u>18,153</u>	<u>(\$58,439)</u>
Beginning fund balance			<u>576,675</u>	
Ending fund balance			<u>\$594,828</u>	

CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2019

OTHER GOVERNMENTAL FUNDS

The City maintains the following Other Governmental Funds:

Special Revenue Funds

Parking Programs – 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.

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.

Road Maintenance and Rehabilitation – In 2017, Senate Bill 1 (SB1) created the Road Maintenance and Rehabilitation Program to address deferred maintenance on the State Highway System and the local street and road system. Monies tracked in this fund result from this legislation and are to be used for basic road maintenance, rehabilitation, and critical safety projects on the local streets and roads system

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, 2019

	SPECIAL REVENUE FUNDS				
	Parking Programs	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing	Road Maintenance and Rehabilitation
ASSETS					
Cash and investments			\$129,132		
Restricted cash and investments		\$46,343		\$1,567,688	\$230,426
Accounts receivable	\$23,494	3,210	68,424		44,106
Interest receivable		93	239	2,993	
Prepaid items	609		71		
Loans receivable from Successor Agency	728,783				
Total Assets	\$752,886	\$49,646	\$197,866	\$1,570,681	\$274,532
LIABILITIES					
Accounts payable and accrued liabilities	\$4,612		\$387	\$900	
Due to other funds	268,176				
Unearned revenue	10,710				
Total Liabilities	283,498		387	900	
FUND BALANCES					
Nonspendable	609		71		
Restricted		\$49,646		1,569,781	\$274,532
Committed	468,779		197,408		
Total Fund Balances (Deficits)	469,388	49,646	197,479	1,569,781	274,532
Total Liabilities and Fund Balances	\$752,886	\$49,646	\$197,866	\$1,570,681	\$274,532

SPECIAL REVENUE FUNDS

Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
			Street Lighting	Core Area Maintenance	Stormwater Pollution	
						\$129,132
\$732,825	\$262,531		\$181,784	\$94,737		3,116,334
	551,438				\$146,332	837,004
		\$385	354	570		4,634
	396			251	683	2,010
						728,783
<u>\$732,825</u>	<u>\$814,365</u>	<u>\$385</u>	<u>\$182,138</u>	<u>\$95,558</u>	<u>\$147,015</u>	<u>\$4,817,897</u>
	\$30,873		\$1,674	\$20,559	\$4,846	\$63,851
		\$385			147,032	415,593
						10,710
	<u>30,873</u>	<u>385</u>	<u>1,674</u>	<u>20,559</u>	<u>151,878</u>	<u>490,154</u>
	396			251	683	2,010
\$732,825	783,096		180,464	74,748	(5,546)	3,659,546
						666,187
<u>732,825</u>	<u>783,492</u>		<u>180,464</u>	<u>74,999</u>	<u>(4,863)</u>	<u>4,327,743</u>
<u>\$732,825</u>	<u>\$814,365</u>	<u>\$385</u>	<u>\$182,138</u>	<u>\$95,558</u>	<u>\$147,015</u>	<u>\$4,817,897</u>

CITY OF LAFAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>Parking Programs</u>	<u>Vehicle Abatement</u>	<u>Senior Transportation</u>	<u>Low and Moderate Income Housing</u>	<u>Road Maintenance and Rehabilitation</u>
REVENUES					
Property taxes					
Other taxes					\$430,608
Charges for services	\$346,533		\$16,576		
Intergovernmental			130,496		
Licenses and permits	26,326				
Fines, forfeitures and penalties	207,051	\$12,668			
Use of money and property	41	220	629	\$7,323	137
Miscellaneous	3,995		41,258	30,729	
Total Revenues	<u>583,946</u>	<u>12,888</u>	<u>188,959</u>	<u>38,052</u>	<u>430,745</u>
EXPENDITURES					
Current:					
Police services		6,791			
Parking services	418,305				
Public works			51,733	6,540	
Senior transportation			144,879		
Engineering					
Capital outlay	7,339				
Total Expenditures	<u>425,644</u>	<u>6,791</u>	<u>196,612</u>	<u>6,540</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>158,302</u>	<u>6,097</u>	<u>(7,653)</u>	<u>31,512</u>	<u>430,745</u>
OTHER FINANCING SOURCES (USES)					
Transfers in			40,000		
Transfers (out)					(156,281)
Total Other Financing Sources (Uses)			<u>40,000</u>		<u>(156,281)</u>
Net Change in Fund Balances before special item	158,302	6,097	32,347	31,512	274,464
SPECIAL ITEM					
Adjustments to loans receivable	(91,340)				
NET CHANGE IN FUND BALANCES	66,962	6,097	32,347	31,512	274,464
BEGINNING FUND BALANCES	<u>402,426</u>	<u>43,549</u>	<u>165,132</u>	<u>1,538,269</u>	<u>68</u>
ENDING FUND BALANCES	<u>\$469,388</u>	<u>\$49,646</u>	<u>\$197,479</u>	<u>\$1,569,781</u>	<u>\$274,532</u>

SPECIAL REVENUE FUNDS

Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
			Street Lighting	Core Area Maintenance	Stormwater Pollution	
			\$22,417	\$297,734	\$352,120	\$672,271
\$535,103	\$585,048					1,550,759
		\$148,747				363,109
						279,243
						26,326
						219,719
1,108	939	695	840	868	122	12,922
						75,982
<u>536,211</u>	<u>585,987</u>	<u>149,442</u>	<u>23,257</u>	<u>298,602</u>	<u>352,242</u>	<u>3,200,331</u>
		585,354				592,145
			12,910	371,684	457,770	418,305
	61,818			895		900,637
						144,879
						62,713
						7,339
	<u>61,818</u>	<u>585,354</u>	<u>12,910</u>	<u>372,579</u>	<u>457,770</u>	<u>2,126,018</u>
<u>536,211</u>	<u>524,169</u>	<u>(435,912)</u>	<u>10,347</u>	<u>(73,977)</u>	<u>(105,528)</u>	<u>1,074,313</u>
		391,878		80,897		512,775
<u>(300,458)</u>	<u>(765,000)</u>					<u>(1,221,739)</u>
<u>(300,458)</u>	<u>(765,000)</u>	<u>391,878</u>		<u>80,897</u>		<u>(708,964)</u>
235,753	(240,831)	(44,034)	10,347	6,920	(105,528)	365,349
						(91,340)
<u>235,753</u>	<u>(240,831)</u>	<u>(44,034)</u>	<u>10,347</u>	<u>6,920</u>	<u>(105,528)</u>	<u>274,009</u>
<u>497,072</u>	<u>1,024,323</u>	<u>44,034</u>	<u>170,117</u>	<u>68,079</u>	<u>100,665</u>	<u>4,053,734</u>
<u>\$732,825</u>	<u>\$783,492</u>		<u>\$180,464</u>	<u>\$74,999</u>	<u>(\$4,863)</u>	<u>\$4,327,743</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, 2019

	<u>PARKING PROGRAMS</u>			<u>VEHICLE ABATEMENT</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Property taxes						
Other taxes						
Charges for services	\$303,438	\$346,533	\$43,095			
Intergovernmental						
Licenses and permits	31,504	26,326	(5,178)			
Fines, forfeitures and penalties	190,000	207,051	17,051	\$12,000	\$12,668	\$668
Use of money and property	149	41	(108)	30	220	190
Miscellaneous	<u>17,000</u>	<u>3,995</u>	<u>(13,005)</u>			
Total Revenues	<u>542,091</u>	<u>583,946</u>	<u>41,855</u>	<u>12,030</u>	<u>12,888</u>	<u>858</u>
EXPENDITURES						
Current:						
Police services				9,135	6,791	2,344
Parking services	380,650	418,305	(37,655)			
Public works						
Senior transportation						
Engineering						
Capital outlay	<u>45,000</u>	<u>7,339</u>	<u>37,661</u>			
Total Expenditures	<u>425,650</u>	<u>425,644</u>	<u>6</u>	<u>9,135</u>	<u>6,791</u>	<u>2,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>116,441</u>	<u>158,302</u>	<u>41,861</u>	<u>2,895</u>	<u>6,097</u>	<u>3,202</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balances before special item	116,441	158,302	41,861	2,895	6,097	3,202
SPECIAL ITEM						
Adjustments to loans receivable		<u>(91,340)</u>	<u>(91,340)</u>			
NET CHANGE IN FUND BALANCES	<u>\$116,441</u>	66,962	<u>(\$49,479)</u>	<u>\$2,895</u>	6,097	<u>\$3,202</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>402,426</u>			<u>43,549</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$469,388</u>			<u>\$49,646</u>	

SENIOR TRANSPORTATION			LOW AND MODERATE INCOME HOUSING			ROAD MAINTENANCE AND REHABILITATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$421,630	\$430,608	\$8,978
\$19,500	\$16,576	(\$2,924)						
	130,496	130,496						
	629	629		\$7,323	\$7,323		137	137
112,726	41,258	(71,468)		30,729	30,729			
132,226	188,959	56,733		38,052	38,052	421,630	430,745	9,115
55,000	51,733	3,267		6,540	(6,540)			
180,057	144,879	35,178						
235,057	196,612	38,445		6,540	(6,540)			
(102,831)	(7,653)	95,178		31,512	31,512	421,630	430,745	9,115
40,000	40,000					(421,630)	(156,281)	265,349
40,000	40,000					(421,630)	(156,281)	265,349
(62,831)	32,347	95,178		31,512	31,512		274,464	274,464
(\$62,831)	32,347	\$95,178		31,512	\$31,512		274,464	\$274,464
	165,132			1,538,269			68	
	\$197,479			\$1,569,781			\$274,532	

(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, 2019

	GAS TAX			MEASURE J RETURN TO SOURCE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes	\$559,051	\$535,103	(\$23,948)	\$532,972	\$585,048	\$52,076
Charges for services						
Intergovernmental						
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property		1,108	1,108		939	939
Miscellaneous						
Total Revenues	<u>559,051</u>	<u>536,211</u>	<u>(22,840)</u>	<u>532,972</u>	<u>585,987</u>	<u>53,015</u>
EXPENDITURES						
Current:						
Police services						
Parking services						
Public works						
Senior transportation						
Engineering				99,523	61,818	37,705
Capital outlay						
Total Expenditures				<u>99,523</u>	<u>61,818</u>	<u>37,705</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>559,051</u>	<u>536,211</u>	<u>(22,840)</u>	<u>433,449</u>	<u>524,169</u>	<u>90,720</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out	<u>(1,053,000)</u>	<u>(300,458)</u>	<u>752,542</u>	<u>(1,170,000)</u>	<u>(765,000)</u>	<u>405,000</u>
Total Other Financing Sources (Uses)	<u>(1,053,000)</u>	<u>(300,458)</u>	<u>752,542</u>	<u>(1,170,000)</u>	<u>(765,000)</u>	<u>405,000</u>
Net Change in Fund Balances before special item	(493,949)	235,753	729,702	(736,551)	(240,831)	495,720
SPECIAL ITEM						
Adjustments to loans receivable						
NET CHANGE IN FUND BALANCES	<u>(\$493,949)</u>	<u>235,753</u>	<u>\$729,702</u>	<u>(\$736,551)</u>	<u>(240,831)</u>	<u>\$495,720</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>497,072</u>			<u>1,024,323</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$732,825</u>			<u>\$783,492</u>	

SUPPLEMENTAL LAW ENFORCEMENT			ASSESSMENT DISTRICTS					
			STREET LIGHTING			CORE AREA MAINTENANCE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$21,478	\$22,417	\$939	\$226,438	\$297,734	\$71,296
\$139,416	\$148,747	\$9,331						
294	695	401	282	840	558	424 750	868	444 (750)
<u>139,710</u>	<u>149,442</u>	<u>9,732</u>	<u>21,760</u>	<u>23,257</u>	<u>1,497</u>	<u>227,612</u>	<u>298,602</u>	<u>70,990</u>
585,354	585,354							
			26,719	12,910	13,809	459,653	371,684	87,969
						10,000	895	9,105
<u>585,354</u>	<u>585,354</u>		<u>26,719</u>	<u>12,910</u>	<u>13,809</u>	<u>469,653</u>	<u>372,579</u>	<u>97,074</u>
<u>(445,644)</u>	<u>(435,912)</u>	<u>9,732</u>	<u>(4,959)</u>	<u>10,347</u>	<u>15,306</u>	<u>(242,041)</u>	<u>(73,977)</u>	<u>168,064</u>
445,938	391,878	(54,060)				248,960	80,897	(168,063)
<u>445,938</u>	<u>391,878</u>	<u>(54,060)</u>				<u>248,960</u>	<u>80,897</u>	<u>(168,063)</u>
294	(44,034)	(44,328)	(4,959)	10,347	15,306	6,919	6,920	1
<u>\$294</u>	<u>(44,034)</u>	<u>(\$44,328)</u>	<u>(\$4,959)</u>	<u>10,347</u>	<u>\$15,306</u>	<u>\$6,919</u>	<u>6,920</u>	<u>\$1</u>
	<u>44,034</u>			<u>170,117</u>			<u>68,079</u>	
				<u>\$180,464</u>			<u>\$74,999</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, 2019

	ASSESSMENT DISTRICTS		
	STORMWATER POLLUTION		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Property taxes	\$428,510	\$352,120	(\$76,390)
Other taxes			
Charges for services			
Intergovernmental			
Licenses and permits			
Fines, forfeitures and penalties			
Use of money and property	103	122	19
Miscellaneous	829		(829)
Total Revenues	429,442	352,242	(77,200)
EXPENDITURES			
Current:			
Police services			
Parking services			
Public works	551,669	457,770	93,899
Senior transportation			
Engineering			
Capital outlay			
Total Expenditures	551,669	457,770	93,899
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(122,227)	(105,528)	16,699
OTHER FINANCING SOURCES (USES)			
Transfers in			
Transfers out			
Total Other Financing Sources (Uses)			
Net Change in Fund Balances before special item	(122,227)	(105,528)	16,699
SPECIAL ITEM			
Adjustments to loans receivable			
NET CHANGE IN FUND BALANCES	(\$122,227)	(105,528)	\$16,699
BEGINNING FUND BALANCES (DEFICITS)		100,665	
ENDING FUND BALANCES (DEFICITS)		(\$4,863)	

CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2019

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, 2019

	Redevelopment Agency	Redevelopment Debt Service	Total
ASSETS			
Restricted cash and investments	\$331,801	\$1,816,797	\$2,148,598
Total Assets	\$331,801	\$1,816,797	\$2,148,598
LIABILITIES			
Interest payable		\$650,866	\$650,866
Loans payable to the City's General Fund	\$5,180,236		5,180,236
Loans payable to the Parking Programs Fund	728,783		728,783
Long-term debt - due in less than one year		965,000	965,000
Long-term debt - due in more than one year		33,847,005	33,847,005
Total Liabilities	5,909,019	35,462,871	41,371,890
NET POSITION			
Held in trust for private purpose	(\$5,577,218)	(\$33,646,074)	(\$39,223,292)

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, 2019

	Redevelopment Agency	Redevelopment Debt Service	Total
ADDITIONS			
Property taxes	\$2,894,312		\$2,894,312
Use of money and property		\$18,848	18,848
Total Additions	2,894,312	18,848	2,913,160
DEDUCTIONS			
Administration	75,661		75,661
Interest expense and fiscal charges		1,451,001	1,451,001
Total Deductions	75,661	1,451,001	1,526,662
OTHER FINANCING SOURCES (USES):			
Transfers in		2,567,138	2,567,138
Transfers (out)	(2,567,138)		(2,567,138)
Total Other Financing Sources (Uses)	(2,567,138)	2,567,138	
SPECIAL ITEM			
Adjustments to loans payable	1,141,206		1,141,206
Change in Net Position	1,392,719	1,134,985	2,527,704
BEGINNING NET POSITION (DEFICITS)	(6,969,937)	(34,781,059)	(41,750,996)
ENDING NET POSITION (DEFICITS)	(\$5,577,218)	(\$33,646,074)	(\$39,223,292)

CITY OF LAFAYETTE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Lamorinda Fee and Financing Authority				
ASSETS				
Cash and investments	\$334,142	\$784,628	\$334,142	\$784,628
Receivables:				
Accounts	85,545	210,119	85,545	210,119
Interest	270	1,503	270	1,503
Total Assets	<u>\$419,957</u>	<u>\$996,250</u>	<u>\$419,957</u>	<u>\$996,250</u>
LIABILITIES				
Accounts payable				
Due to members	<u>\$419,957</u>	<u>\$996,250</u>	<u>\$419,957</u>	<u>\$996,250</u>
Total Liabilities	<u>\$419,957</u>	<u>\$996,250</u>	<u>\$419,957</u>	<u>\$996,250</u>
Lamorinda School Bus Transportation Agency				
ASSETS				
Cash and investments	\$883,488	\$941,454	\$883,488	\$941,454
Receivables:				
Accounts	146,166	120,201	146,166	120,201
Interest	1,110	2,505	1,110	2,505
Prepaid items		9,777		9,777
Other assets	500	500	500	500
Total Assets	<u>\$1,031,264</u>	<u>\$1,074,437</u>	<u>\$1,031,264</u>	<u>\$1,074,437</u>
LIABILITIES				
Accounts payable	\$608,455	\$753,289	\$608,455	\$753,289
Compensated absences	7,690	11,595	7,690	11,595
Due to members/agency	415,119	309,553	415,119	309,553
Total Liabilities	<u>\$1,031,264</u>	<u>\$1,074,437</u>	<u>\$1,031,264</u>	<u>\$1,074,437</u>
All Agency Funds				
ASSETS				
Cash and investments	\$1,217,630	\$1,726,082	\$1,217,630	\$1,726,082
Receivables:				
Accounts	231,711	330,320	231,711	330,320
Interest	1,380	4,008	1,380	4,008
Prepaid items		9,777		9,777
Other assets	500	500	500	500
Total Assets	<u>\$1,451,221</u>	<u>\$2,070,687</u>	<u>\$1,451,221</u>	<u>\$2,070,687</u>
LIABILITIES				
Accounts payable	\$608,455	\$753,289	\$608,455	\$753,289
Compensated absences	7,690	11,595	7,690	11,595
Due to members	835,076	1,305,803	835,076	1,305,803
Total Liabilities	<u>\$1,451,221</u>	<u>\$2,070,687</u>	<u>\$1,451,221</u>	<u>\$2,070,687</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

Fiscal Year	Charges for Service	Operating Grants and Contribution	Capital Grants and Contributions
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
2018	4,340,132	771,828	466,273
2019	4,933,365	1,015,748	432,079

Source: City of Lafayette Finance Department.

General Revenues

Taxes	Motor Vehicle In Lieu	Unrestricted Investment Earnings	Other	Total
13,599,384	2,089,830	698,747	815,830	\$20,735,760
13,746,982	2,149,290	660,086	1,305,381	\$20,672,639
13,489,083	2,035,206	590,727	958,823	\$22,179,813
10,944,451	2,058,283	157,127	1,547,216	\$20,156,107
11,590,265	2,176,084	149,827	1,963,638	\$20,202,428
12,411,033	2,343,990	212,167	493,248	\$21,749,377
13,948,404	2,523,771	269,718	255,721	\$22,939,715
13,582,314	2,706,631	352,494	952,764	\$25,098,422
13,803,131	2,863,491	407,827	758,202	\$23,410,884
13,812,186	3,031,410	599,664	640,151	\$24,464,603

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

Fiscal Year	City Council, Commissions & Community Support	Administration* ***	Police Services	Public Works
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
2018	1,287,941	3,116,141	5,693,891	3,330,799
2019	1,324,124	3,254,763	5,986,121	2,795,505

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
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
0	7,180,549	115,911	1,241,240	1,212,550	\$23,179,022
0	7,185,138	102,556	1,412,231	1,427,524	\$23,487,962

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

Fiscal Year	Taxes	Parking	Intergovernmental	Charges for Services	Licenses and Permits
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
2018	13,979,431	0	3,519,372	2,088,499	648,442
2019	14,827,842	0	3,333,879	3,675,391	425,878

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, Forfeitures & Penalties</u>	<u>Use of Money and Property</u>	<u>Developer Fees</u>	<u>Miscellaneous</u>	<u>Total Revenues</u>
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
265,379	435,509	0	1,123,947	\$22,060,579
281,186	594,171	0	388,445	\$23,526,792

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

Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise
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
2018	6,280,832	3,026,925	732,816	2,382,933
2019	6,542,501	3,184,917	777,788	2,385,251
Change 2010-2019	-11.3%	40.8%	88.0%	55.0%

Source: City of Lafayette Finance Department

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

Fiscal Year	Property
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
2018	6,280,832
2019	6,542,501
Change 2010-2019	53.9%

<u>Property Transfer</u>	<u>Road Maintenance & Rehabilitation</u>	<u>Highway Users</u>	<u>Measure J</u>	<u>Total Revenues</u>
177,851	0	401,734	337,150	\$12,503,197
170,178	0	578,865	340,787	\$13,037,466
207,002	0	690,985	366,849	\$12,721,267
237,799	0	580,172	486,499	\$11,415,349
292,045	0	744,128	399,536	\$11,590,263
349,633	0	703,594	515,808	\$12,411,033
333,647	0	553,383	609,103	\$13,324,191
379,208	0	484,029	528,575	\$13,284,919
333,597	147,655	541,701	532,972	\$13,979,431
386,626	430,608	535,103	585,048	\$14,827,842
117.4%	NA	33.2%	73.5%	18.6%

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

Fiscal Year	Council, Commissions, & Community Support	Police Services	Public Works	Planning & Engineering	Administration
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
2018	1,286,808	5,469,173	3,082,750	1,990,448	3,010,084
2019	1,392,241	5,791,710	2,653,190	1,906,902	3,254,763
Change 2010-2019	31.9%	51.4%	15.9%	-31.2%	-3.5%

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>
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
4,255,567	598,393	1,232,695	0	\$20,925,918
3,965,049	595,038	1,412,231	0	\$20,971,124
-72.2%	-84.0%	88.0%	-100.0%	-34.8%

CITY OF LAFAYETTE

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Invested in capital assets	\$ 68,757,999	\$ 54,267,231	\$ 98,939,504	\$ 98,560,464
Restricted	(7,125,956)	13,502,081	16,571,443	19,381,805
Unrestricted	<u>20,581,243</u>	<u>13,564,352</u>	<u>10,809,260</u>	<u>9,414,443</u>
Total governmental activities net position	<u><u>82,213,286</u></u>	<u><u>81,333,664</u></u>	<u><u>126,320,207</u></u>	<u><u>127,356,712</u></u>
Business-type activities:				
Unrestricted	<u>85,738</u>	<u>167,522</u>	<u>242,128</u>	<u>309,576</u>
Total business-type activities net position	<u><u>85,738</u></u>	<u><u>167,522</u></u>	<u><u>242,128</u></u>	<u><u>309,576</u></u>
Primary government:				
Invested in capital assets	68,757,999	54,267,231	98,939,504	98,560,464
Restricted	(7,125,956)	13,502,081	16,571,443	19,381,805
Unrestricted	<u>20,666,981</u>	<u>13,731,874</u>	<u>11,051,388</u>	<u>9,724,019</u>
Total primary government net position	<u><u>\$ 82,299,024</u></u>	<u><u>\$ 81,501,186</u></u>	<u><u>\$ 126,562,335</u></u>	<u><u>\$ 127,666,288</u></u>

Fiscal Year Ended June 30,

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 99,272,004	\$ 99,751,041	\$ 99,141,344	\$ 103,942,613	\$ 100,979,947	\$ 100,129,245
21,379,235	7,255,961	7,932,301	4,149,103	4,337,875	6,211,285
<u>6,680,700</u>	<u>23,081,608</u>	<u>24,796,206</u>	<u>26,382,458</u>	<u>29,007,157</u>	<u>28,768,676</u>
<u>127,331,939</u>	<u>130,088,610</u>	<u>131,869,851</u>	<u>134,474,174</u>	<u>134,324,979</u>	<u>135,109,206</u>
<u>315,532</u>	<u>361,531</u>	<u>432,688</u>	<u>477,652</u>	<u>586,825</u>	<u>779,239</u>
<u>315,532</u>	<u>361,531</u>	<u>432,688</u>	<u>477,652</u>	<u>586,825</u>	<u>779,239</u>
99,272,004	99,751,041	99,141,344	103,942,613	100,979,947	100,129,245
21,379,235	7,255,961	7,932,301	4,149,103	4,337,875	6,211,285
<u>6,996,232</u>	<u>23,443,139</u>	<u>25,228,894</u>	<u>26,860,110</u>	<u>29,593,982</u>	<u>29,547,915</u>
<u>\$ 127,647,471</u>	<u>\$ 130,450,141</u>	<u>\$ 132,302,539</u>	<u>\$ 134,951,826</u>	<u>\$ 134,911,804</u>	<u>\$ 135,888,445</u>

CITY OF LAFAYETTE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal year ended June 30,			
	2010	2011	2012	2013
Expenses:				
Governmental activities:				
Council, commissions & community support	\$ 1,055,156	\$ 1,051,368	\$ 1,156,123	\$ 1,187,756
Administration	3,407,361	3,012,061	2,660,629	3,411,836
Police services	3,850,434	3,879,299	3,917,326	4,020,045
Public works	2,300,946	2,394,348	2,250,034	3,332,889
Infrastructure - depreciation	3,334,599	4,166,614	3,412,239	3,790,761
Planning & engineering	2,770,095	1,710,675	1,969,349	1,103,616
Interest & debt charges	3,067,390	3,150,305	2,101,477	284,950
Other	855,004	1,122,154	771,003	932,134
Total governmental activities expenses	<u>20,640,985</u>	<u>20,486,824</u>	<u>18,238,180</u>	<u>18,063,987</u>
Business-type activities:				
Recreation Programs	950,791	983,652	963,224	988,395
Total business-type activities expenses	<u>950,791</u>	<u>983,652</u>	<u>963,224</u>	<u>988,395</u>
Total primary government expenses	<u>\$ 21,591,776</u>	<u>\$ 21,470,476</u>	<u>\$ 19,201,404</u>	<u>\$ 19,052,382</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Council, commissions & community support	\$ -	\$ -	\$ -	\$ -
Administration	-	-	-	-
Police services	47,254	37,441	34,857	630,325
Public works	-	-	-	-
Infrastructure - depreciation	-	-	-	-
Planning & engineering	1,011,235	1,168,206	1,621,839	2,784,172
Interest & debt charges	-	-	-	-
Other	-	-	-	-
Operating grants and contributions	149,609	149,609	149,609	100,000
Capital grants and contributions	1,356,377	365,208	2,231,839	848,918
Total governmental activities program revenues	<u>2,564,475</u>	<u>1,720,464</u>	<u>4,038,144</u>	<u>4,363,415</u>
Business-type activities:				
Charges for services:				
Recreation programs	967,494	1,090,436	1,067,830	1,085,615
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>967,494</u>	<u>1,090,436</u>	<u>1,067,830</u>	<u>1,085,615</u>

Fiscal year ended June 30,

	2014	2015	2016	2017	2018	2019
\$	1,262,843	\$ 1,207,205	\$ 1,358,648	\$ 1,336,345	\$ 1,287,941	\$ 1,324,124
	3,815,040	2,064,648	2,352,606	2,842,683	3,116,141	3,254,763
	3,987,257	5,272,182	5,321,731	5,455,796	5,693,891	5,986,121
	2,475,665	2,053,516	2,238,759	3,148,160	3,330,799	2,795,505
	4,649,195	0	0	0	0	0
	841,799	6,691,105	6,907,346	6,982,011	7,180,549	7,185,138
	271,508	252,475	230,625	169,164	115,911	102,556
	1,093,381	1,297,309	1,389,465	1,314,639	1,241,240	1,412,231
	<u>18,396,688</u>	<u>18,838,440</u>	<u>19,799,180</u>	<u>21,248,798</u>	<u>21,966,472</u>	<u>22,060,438</u>
	<u>1,064,898</u>	<u>1,224,490</u>	<u>1,288,899</u>	<u>1,200,758</u>	<u>1,212,550</u>	<u>1,427,524</u>
	<u>1,064,898</u>	<u>1,224,490</u>	<u>1,288,899</u>	<u>1,200,758</u>	<u>1,212,550</u>	<u>1,427,524</u>
\$	<u><u>19,461,586</u></u>	<u><u>20,062,930</u></u>	<u><u>21,088,079</u></u>	<u><u>22,449,556</u></u>	<u><u>23,179,022</u></u>	<u><u>23,487,962</u></u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	-	14,648	18,118	18,722	20,704	20,012
	637,454	154,260	129,316	101,073	106,127	86,141
	-	84,729	84,173	92,998	87,899	76,528
	-	-	-	-	-	-
	1,871,901	2,593,636	2,329,312	2,210,929	2,208,041	2,483,142
	-	-	-	-	-	-
	-	496,066	465,089	570,258	567,056	623,097
	179,938	751,836	907,697	992,416	771,828	1,015,748
	533,050	893,741	619,102	2,217,522	466,273	432,079
	<u>3,222,343</u>	<u>4,988,916</u>	<u>4,552,807</u>	<u>6,203,918</u>	<u>4,227,928</u>	<u>4,736,747</u>
	1,100,271	1,300,023	1,389,294	1,300,301	1,350,305	1,644,445
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>1,100,271</u>	<u>1,300,023</u>	<u>1,389,294</u>	<u>1,300,301</u>	<u>1,350,305</u>	<u>1,644,445</u>

CITY OF LAFAYETTE

CHANGES IN NET POSITION, Continued

**LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal year ended June 30,			
	2010	2011	2012	2013
Net revenues (expenses)				
Governmental activities:	\$ (18,076,510)	\$ (18,766,360)	\$ (14,200,036)	\$ (13,700,572)
Business-type activities:	16,703	106,784	104,606	97,220
Total primary government net expense	<u>\$ (18,059,807)</u>	<u>\$ (18,659,576)</u>	<u>\$ (14,095,430)</u>	<u>\$ (13,603,352)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property tax and assessments	\$ 7,843,392	\$ 7,680,137	\$ 6,763,452	\$ 4,788,439
Sales tax	2,598,675	2,558,987	2,927,906	3,153,693
Franchise tax	1,538,647	1,598,142	1,609,145	1,622,330
Transient occupancy tax	413,796	451,157	522,777	562,018
Vehicle code fines	426,865	413,428	440,463	N/A
Motor vehicle in lieu tax	2,089,830	2,149,290	2,035,206	2,058,283
Highway users tax	401,734	578,865	690,985	580,172
Transfer tax	177,851	170,178	207,002	237,799
Parking revenues	198,424	296,088	327,353	N/A
Investment income	698,747	660,086	590,727	157,127
Other	815,830	1,305,380	958,823	1,547,216
Transfers in	20,000	25,000	30,000	30,000
Total governmental activities	<u>17,223,791</u>	<u>17,886,738</u>	<u>17,103,839</u>	<u>14,737,077</u>
Extraordinary Gain - Successor Agency Trust for Assets	0	0	42,082,740	0
Business-type activities:				
Investment income	0	0	0	228
Transfers in	(20,000)	(25,000)	(30,000)	(30,000)
Total business-type activities	<u>(20,000)</u>	<u>(25,000)</u>	<u>(30,000)</u>	<u>(29,772)</u>
Total primary government changes in net position				
Governmental activities:	(852,719)	(879,622)	44,986,543	1,036,505
Business-type activities:	(3,297)	81,784	74,606	67,448
Total primary government	<u>\$ (856,016)</u>	<u>\$ (797,838)</u>	<u>\$ 45,061,149</u>	<u>\$ 1,103,953</u>

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

Fiscal year ended June 30,

2014	2015	2016	2017	2018	2019
\$ (15,174,345)	\$ (13,849,524)	\$ (15,246,373)	\$ (15,044,880)	\$ (17,738,544)	\$ (17,323,691)
35,373	75,533	100,395	99,543	137,755	216,921
<u>\$ (15,138,972)</u>	<u>\$ (13,773,991)</u>	<u>\$ (15,145,978)</u>	<u>\$ (14,945,337)</u>	<u>\$ (17,600,789)</u>	<u>\$ (17,106,770)</u>
\$ 5,102,515	\$ 5,427,316	\$ 6,346,889	\$ 6,226,957	\$ 6,280,834	\$ 6,542,501
3,156,488	3,392,743	3,803,017	3,536,651	3,559,897	3,184,917
1,664,512	1,836,029	2,165,761	2,222,040	2,382,933	2,385,251
630,576	701,718	745,707	733,429	732,816	777,788
N/A	0	0	0	0	0
2,176,084	2,343,990	2,523,771	2,706,631	2,863,491	3,031,410
744,129	703,594	553,383	484,029	513,054	535,103
292,045	349,633	333,647	379,208	333,597	386,626
N/A	0	0	0	0	0
149,827	212,167	269,718	352,494	407,827	599,664
1,963,638	493,248	255,721	952,764	758,202	640,151
30,000	30,000	30,000	55,000	30,000	30,000
<u>15,909,814</u>	<u>15,490,438</u>	<u>17,027,614</u>	<u>17,649,203</u>	<u>17,862,651</u>	<u>18,113,411</u>
0	0	0	0	0	0
583	466	762	421	1,418	5,493
<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(55,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
(29,417)	(29,534)	(29,238)	(54,579)	(28,582)	(24,507)
735,469	1,640,914	1,781,241	2,604,323	124,107	789,720
5,956	45,999	71,157	44,964	109,173	192,414
<u>\$ 741,425</u>	<u>\$ 1,686,913</u>	<u>\$ 1,852,398</u>	<u>\$ 2,649,287</u>	<u>\$ 233,280</u>	<u>\$ 982,134</u>

CITY OF LAFAYETTE

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accountin

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
General fund:				
Nonspendable	\$ -	\$ -	\$ 6,022,847	\$ 6,509,859
Restricted	-	-	-	42,880
Committed	-	-	1,509,476	690,944
Assigned	8,359,135	6,623,641	250,000	2,724,004
Unassigned	7,868,890	10,752,189	10,391,624	7,388,013
Total general fund	<u>\$ 16,228,025</u>	<u>\$ 17,375,830</u>	<u>\$ 18,173,947</u>	<u>\$ 17,355,700</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ 624,969	\$ 144,141
Restricted	(7,965,648)	(12,886,180)	4,308,582	4,602,990
Committed	-	-	4,105,569	7,440,055
Assigned	5,987,893	3,906,697	-	-
Unassigned	-	-	464,382	-
Total all other governmental funds	<u>\$ (1,977,755)</u>	<u>\$ (8,979,483)</u>	<u>\$ 9,503,502</u>	<u>\$ 12,187,186</u>

Fiscal Year Ended June 30,					
2014	2015	2016	2017	2018	2019
\$ 6,073,032	\$ 6,086,362	\$ 6,154,010	\$ 6,163,882	\$ 6,244,576	\$ 5,220,713
6,280	23,110	143,431	299,472	227,160	353,276
3,191,939	3,117,955	2,797,600	3,497,362	3,809,563	3,253,187
-	-	-	-	-	-
6,804,724	8,267,328	9,766,041	9,522,320	9,560,743	10,896,915
<u>\$ 16,075,975</u>	<u>\$ 17,494,755</u>	<u>\$ 18,861,082</u>	<u>\$ 19,483,036</u>	<u>\$ 19,842,042</u>	<u>\$ 19,724,091</u>
\$ 2,211,773	\$ 1,209	\$ 1,000	\$ -	\$ 529	\$ 3,592
2,973,306	7,254,752	9,083,166	5,221,774	4,944,625	10,126,001
7,545,361	6,315,777	5,553,824	6,919,098	9,596,308	5,974,282
-	-	-	-	-	-
-	-	-	(402,310)	-	-
<u>\$ 12,730,440</u>	<u>\$ 13,571,738</u>	<u>\$ 14,637,990</u>	<u>\$ 11,738,562</u>	<u>\$ 14,541,462</u>	<u>\$ 16,103,875</u>

CITY OF LAFAYETTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

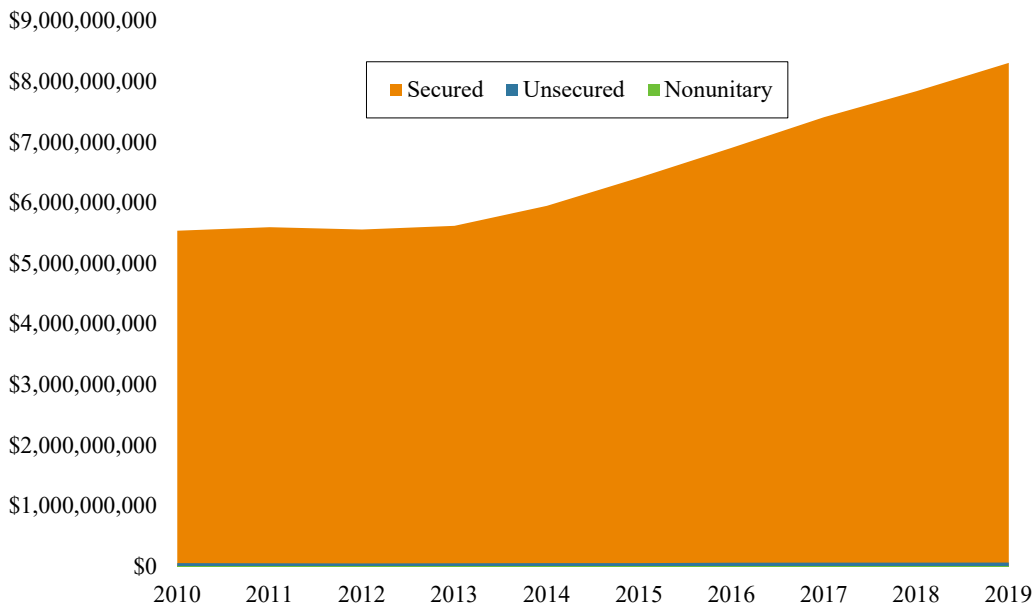
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2010	2011	2012	2013
Revenues:				
Taxes	\$ 14,593,027	\$ 15,186,756	\$ 14,756,473	\$ 13,473,632
Licenses and permits	0	0	0	0
Intergovernmental	1,505,986	514,817	2,381,448	948,918
Developer fees	234,357	269,231	377,462	1,558,694
Charges for services	813,698	925,951	1,268,191	1,247,703
Fines and forfeitures	437,299	423,893	451,506	382,008
Investment income	698,747	660,086	590,727	157,127
Parking	198,424	296,088	327,353	226,092
Miscellaneous	815,831	1,305,380	958,823	1,547,216
Total revenues	<u>19,297,369</u>	<u>19,582,202</u>	<u>21,111,983</u>	<u>19,541,390</u>
Expenditures				
Current:				
Council, commissions & community support	1,055,156	1,051,368	1,156,123	1,187,756
Police services	3,825,308	3,837,772	3,865,518	3,973,124
Public works	2,289,105	2,367,914	2,221,207	3,312,392
Planning & Engineering	2,770,095	1,710,675	1,969,349	1,103,616
Administration	3,371,846	2,967,272	2,587,138	3,398,415
Capital projects	14,260,968	8,559,572	3,847,573	2,999,602
Debt service				
Principal	665,000	710,000	780,000	495,000
Interest	3,050,617	3,134,398	2,540,059	303,914
Rent & other expenses	751,333	1,050,903	735,352	748,289
Insurance & claims	103,672	71,251	35,651	183,845
Total expenditures	<u>32,143,100</u>	<u>25,461,125</u>	<u>19,737,970</u>	<u>17,705,953</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,845,731)</u>	<u>(5,878,923)</u>	<u>1,374,013</u>	<u>1,835,437</u>
Other financing sources (uses):				
Transfers in	4,678,918	6,246,283	4,291,955	4,378,465
Transfers out	(4,658,918)	(6,221,283)	(4,261,955)	(4,348,465)
Proceeds from sales of capital assets	-	-	-	-
Proceeds from bonds	-	-	-	-
Bond issuance costs	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>25,000</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balances	<u>\$ (12,825,731)</u>	<u>\$ (5,853,923)</u>	<u>\$ 1,404,013</u>	<u>\$ 1,865,437</u>
Debt service as a percentage of noncapital expenditures	21%	23%	21%	5%

Fiscal Year Ended June 30,

	2014	2015	2016	2017	2018	2019
\$	13,766,347	\$ 14,755,023	\$ 15,847,961	\$ 13,284,919	\$ 13,979,431	\$ 14,827,842
	0	295,426	351,820	334,014	648,442	425,878
	712,989	977,321	761,625	5,294,517	3,519,372	3,333,879
	416,968	0	0	0	0	0
	1,478,690	2,731,507	2,594,541	2,697,602	2,088,499	3,675,391
	371,372	316,406	251,721	270,038	265,379	281,186
	182,394	212,167	301,157	380,977	435,509	594,171
	242,324	0	0	0	0	0
	1,931,070	1,161,504	1,689,390	1,579,554	1,123,947	388,445
	<u>19,102,154</u>	<u>20,449,354</u>	<u>21,798,215</u>	<u>23,841,621</u>	<u>22,060,579</u>	<u>23,526,792</u>
	1,262,843	1,198,457	1,339,477	1,346,360	1,286,808	1,392,241
	3,945,555	5,056,410	5,110,272	5,232,949	5,469,173	5,791,710
	2,462,591	2,210,055	2,876,882	2,982,644	3,082,750	2,653,190
	831,314	1,871,739	1,889,844	1,918,701	1,990,448	1,906,902
	3,815,664	2,070,041	2,327,342	2,789,757	3,010,084	3,254,763
	5,838,737	4,898,679	3,737,470	9,016,524	4,255,567	3,965,049
	450,000	470,000	490,000	3,394,767	480,000	490,000
	281,525	262,338	240,168	237,468	118,393	105,038
	798,936	1,297,314	1,384,181	1,309,925	1,232,695	1,412,231
	181,460	-	-	-	-	-
	<u>19,868,625</u>	<u>19,335,033</u>	<u>19,395,636</u>	<u>28,229,095</u>	<u>20,925,918</u>	<u>20,971,124</u>
	(766,471)	1,114,321	2,402,579	(4,387,474)	1,134,661	2,555,668
	5,384,641	3,628,519	3,827,512	5,739,444	4,142,660	3,994,528
	(5,354,641)	(3,598,519)	(3,797,512)	(5,684,444)	(4,112,660)	(3,964,528)
	-	-	-	-	1,997,245	-
	-	-	-	2,055,000	-	-
	-	-	-	-	-	-
	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>2,110,000</u>	<u>2,027,245</u>	<u>30,000</u>
\$	<u>(736,471)</u>	<u>\$ 1,144,321</u>	<u>\$ 2,432,579</u>	<u>\$ (2,277,474)</u>	<u>\$ 3,161,906</u>	<u>\$ 2,585,668</u>
	5%	5%	5%	19%	4%	3%

**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
2010	5,539,773,185	57,895,020	1,419,775	\$5,599,087,980	0.14879
2011	5,597,639,658	54,360,490	650,940	\$5,652,651,088	0.14601
2012	5,558,785,347	52,407,020	650,940	\$5,611,843,307	0.14103
2013	5,619,888,737	54,963,402	650,940	\$5,675,503,079	0.14290
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
2018	7,840,571,147	65,892,315	991,026	\$7,907,454,488	0.07412
2019	8,307,745,104	66,885,813	1,101,140	\$8,375,732,057	0.07412

Source: Contra Costa County Assessor 2008/09 - 2017/19 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
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
2018	0.06662	0.03250	0.00840	0.01140	0.00210
2019	0.06662	0.03230	0.00700	0.01100	0.00210

Source: Contra Costa County Assessor 2008/09 - 2017/18 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***
0.03260	0.01300	0.02360	0.00000	0.12810	0.14879
0.03260	0.01300	0.02440	0.02120	0.14710	0.14601
0.02790	0.01300	0.02740	0.02550	0.15270	0.14103
0.02840	0.01300	0.02730	0.02690	0.14700	0.14290
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
0.04190	0.00700	0.01440	0.02180	0.13950	0.07412
0.04120	0.00700	0.01460	0.01950	0.13470	0.07412

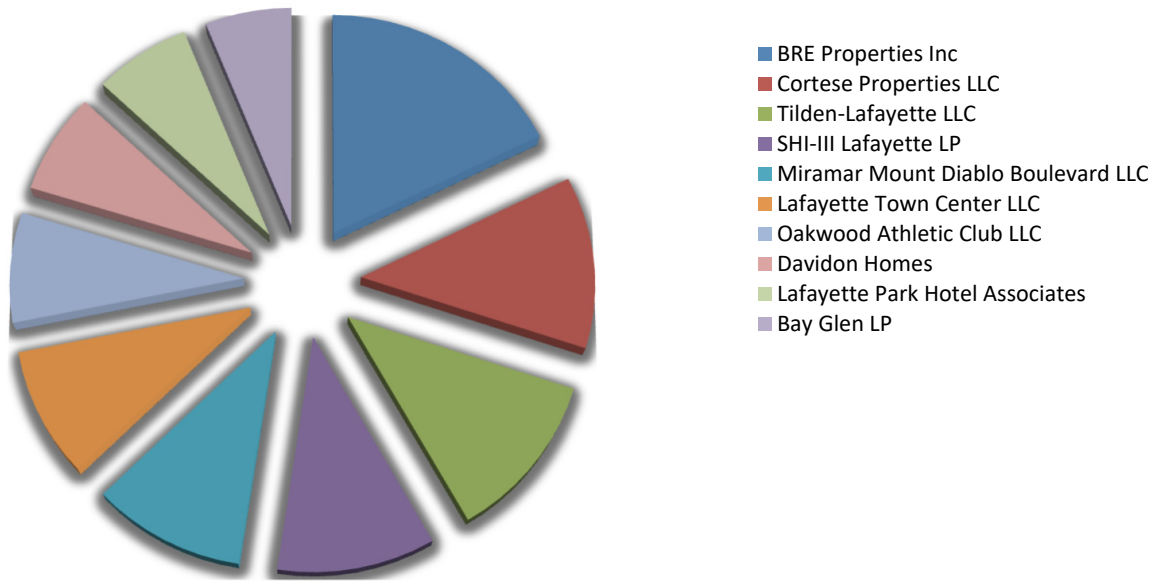
**CITY OF LAFAYETTE
 PRINCIPAL SALES TAX PRODUCERS
 FOR THE YEAR ENDED JUNE 30, 2019**

FIRM	BUSINESS DESCRIPTION
Ace Hardware	Building Materials- Retail
Alwand Service Station	Service Stations
Batch & Brine	Restaurants
Big O Tire Stores	Auto Parts/Repair
Chevron Service Stations	Service Stations
Chow Kitchen Market	Restaurants
Cooperage Partners	Restaurants
CVS Pharmacy	Drug Stores
Diablo Foods	Food Markets
Diamond K Supply	Building Materials- Retail
El Charro Mexican Restaurant	Restaurants
Jacksons Wines & Spirits	Liquor Stores
Lafayette Park Hotel	Restaurants
Lafayette Smog & Auto Service	Auto Parts/Repair
McCaulou's Department Store	Department Stores
McDonald's Restaurants	Restaurants
Metro Lafayette	Restaurants
Orchard Nursery	Florist/Nursery
Pet Food Express	Miscellaneous Retail
Postino Restaurant	Restaurants
Safeway Stores	Food Markets
Shell Service Stations	Service Stations
Trader Joe's	Food Markets
Western Data Group	Electronic Equipment
Whole Foods Market	Food Markets

Source: MBIA Muni Services Company

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**CITY OF LAFAYETTE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
 JUNE 30, 2019**



2019

<u>Taxpayer</u>	<u>Primary Use</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
BRE Properties Inc	Residential	\$52,822,829	1	0.63%
Cortese Properties LLC	Commercial	36,588,401	2	0.44%
Tilden-Lafayette LLC	Residential	34,884,000	3	0.42%
SHI-III Lafayette LP	Commercial	31,561,000	4	0.38%
Miramar Mount Diablo Boulevard LLC	Commercial	30,702,000	5	0.37%
Lafayette Town Center LLC	Residential	27,191,121	6	0.32%
Oakwood Athletic Club LLC	Recreational	23,373,495	7	0.28%
Davidon Homes	Commercial	21,576,897	8	0.26%
Lafayette Park Hotel Associates	Commercial	20,471,493	9	0.24%
Bay Glen LP	Residential	18,322,740	10	0.22%
Total		\$297,493,976		3.55%

2018-2019 Assessed Valuation: \$8,375,732,057 **

2009-2010 Assessed Valuation: \$5,599,087,980 **

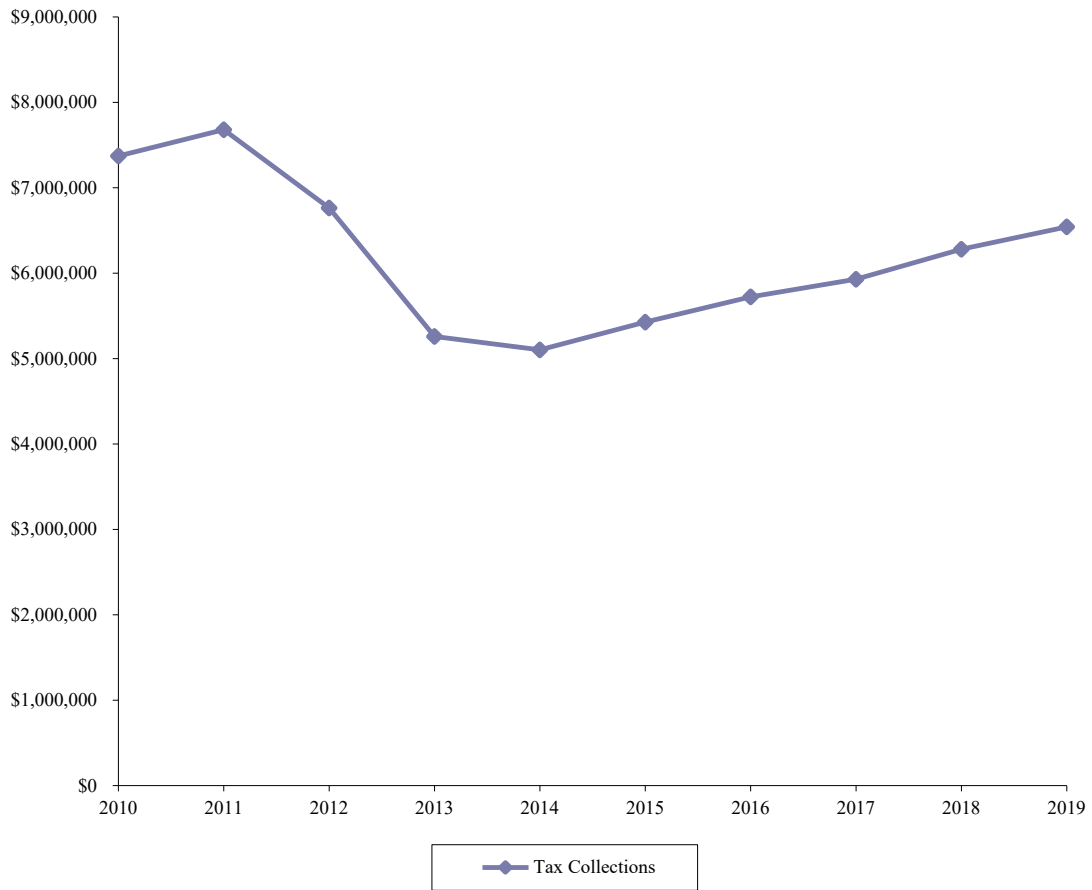
** Local Secured Assessed Valuation

Source: HdL, Coren & Cone

2010

<u>Taxpayer</u>	<u>Primary Use</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bascom Lafayette Highlands LLC	Residential	\$31,344,649	1	0.56%
HPF GLB Corporate Terrace LLC	Commercial	22,600,000	2	0.40%
Cortese Properties LLC	Commercial	21,374,223	3	0.38%
Oakwood Athletic Club LLC	Commercial	21,314,432	4	0.38%
Lafayette Park Hotel Associates	Commercial	17,855,519	5	0.32%
Bay Glen LP	Residential	16,189,395	6	0.29%
The Woodbury LLC	Residential	16,131,332	7	0.29%
Desco Plaza I LLC	Commercial	12,902,999	8	0.23%
Gray Horse Investors	Commercial	11,808,340	9	0.21%
Joan E. Bruzzone Trust	Commercial	11,439,571	10	0.20%
		<u>\$182,960,460</u>		<u>3.27%</u>

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



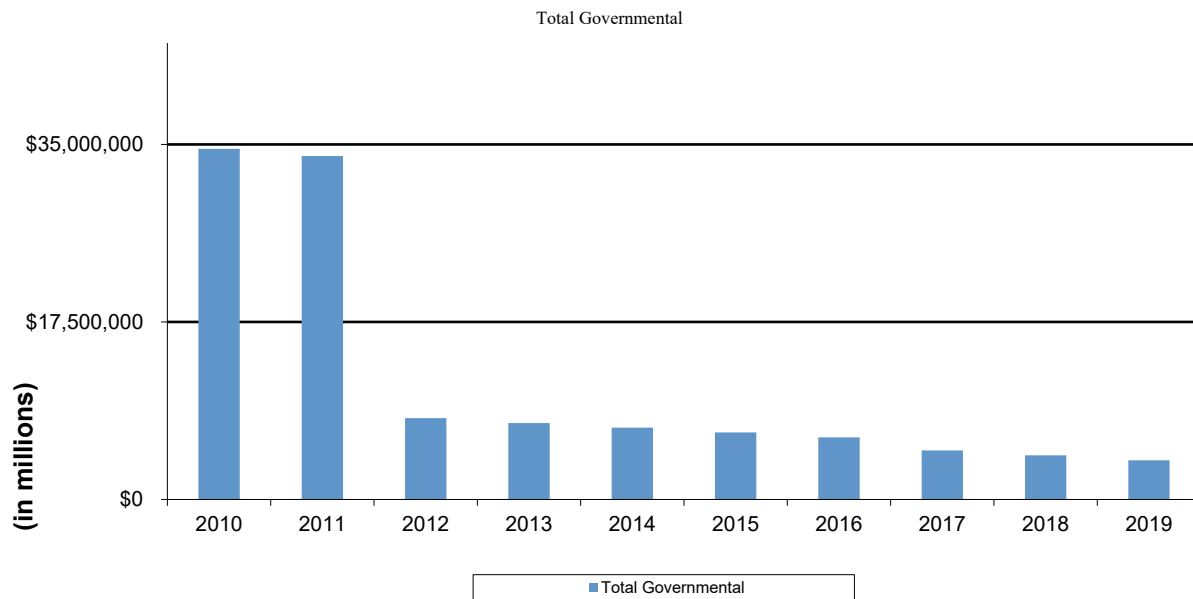
Fiscal Year ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2010	\$ 7,372,494	\$ 7,372,494	100.00%	\$ 7,372,494	100.00%
2011	7,680,137	7,680,137	100.00%	7,680,137	100.00%
2012	6,763,452	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%
2018	6,280,832	6,280,832	100.00%	6,280,832	100.00%
2019	6,542,501	6,542,501	100.00%	6,542,501	100.00%

Source: Contra Costa County Assessor

CITY OF LAFAYETTE

RATIOS OF DEBT OUTSTANDING

LAST TEN FISCAL YEARS



Fiscal Year Ended <u>June 30</u>	<u>Outstanding Debt</u>		<u>Total</u>	Percent of <u>Assessed</u> <u>Value</u>	Percent of <u>Personal</u> <u>Income</u>	Per <u>Capita</u>
	<u>General</u> <u>Obligation</u> <u>Bonds</u>	<u>Tax</u> <u>Allocation</u> <u>Bonds *</u>				
	2010	\$8,530,000				
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
2018	4,355,000	-	4,355,000	0.0551%	0.2236%	170
2019	3,865,000	-	3,865,000	0.0461%	0.1828%	147

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

6/30/2019

2018-19 Assessed Valuation (less incremental value): \$7,584,165,205

<u>DIRECT DEBT:</u>	<u>Total Debt</u>	<u>% Applicable (1)</u>	<u>City's Portion of</u>
GO BONDS SERIES 2011 & 2016	6/30/2019		Debt 6/30/19
	\$3,865,000	100.000%	\$3,865,000
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Contra Costa County Pension Debt and Lease Revenue Bonds	\$524,637,748	4.083%	\$21,421,049
Contra Costa Fire District	53,740,000	8.887%	4,775,825
Acalanes Union High School District 1997, 2002, & 2008 Bonds	284,392,772	23.480%	66,776,203
Bay Area Rapid Transit District	219,953,951	4.083%	8,980,757
Contra Costa Community College District Bonds 2002, 2006 & 2014	525,715,000	4.097%	21,539,659
Pleasant Hill Recreation & Park Bond 2009	41,210,000	1.361%	560,922
East Bay Regional Park District	77,218,361	4.083%	3,152,839
Lafayette Elementary Bond 1995 & 2016	81,000,000	89.799%	72,737,041
Orinda Elementary Bond	7,941,476	0.150%	11,882
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$199,956,176</u>

TOTAL DIRECT DEBT \$3,865,000
 TOTAL OVERLAPPING DEBT \$199,956,176

COMBINED TOTAL DEBT \$203,821,176 (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 2017-18 Assessed Valuation:

Total Direct Debt (\$4,355,000).....	0.05%
Total Overlapping Tax and Assessment Debt.....	2.64%
 Combined Total Debt.....	 2.69%

Source: HdL, Coren & Cone

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CITY OF LAFAYETTE

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$209,965,799	\$211,974,416	\$210,444,124	\$212,831,365
Total net debt applicable to limit	<u>8,530,000</u>	<u>8,155,000</u>	<u>8,025,000</u>	<u>7,530,000</u>
Legal debt margin	<u>\$201,435,799</u>	<u>\$203,819,416</u>	<u>\$202,419,124</u>	<u>\$205,301,365</u>
Total net debt applicable to the limit as a percentage of debt limit	4.1%	3.8%	3.8%	3.5%

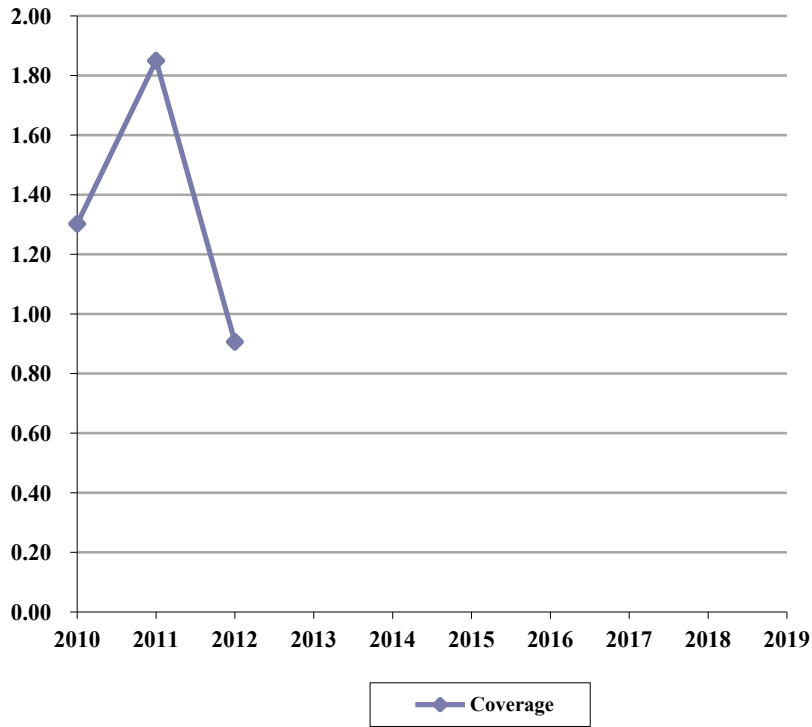
The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (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

Fiscal Year Ended June 30,					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$225,310,387	\$242,806,843	\$261,503,297	\$280,429,438	\$296,529,543	\$314,089,952
<u>7,080,000</u>	<u>6,610,000</u>	<u>6,120,000</u>	<u>4,835,000</u>	<u>4,355,000</u>	<u>3,865,000</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>	<u><u>\$292,174,543</u></u>	<u><u>\$310,224,952</u></u>
3.1%	2.7%	2.3%	1.7%	1.5%	1.2%

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



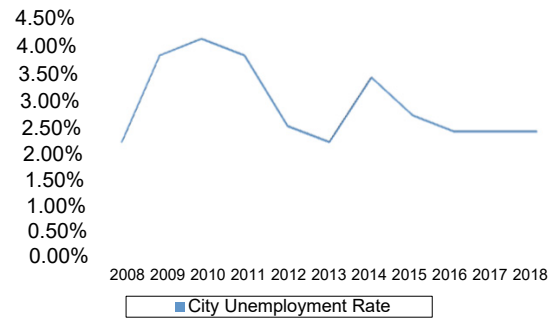
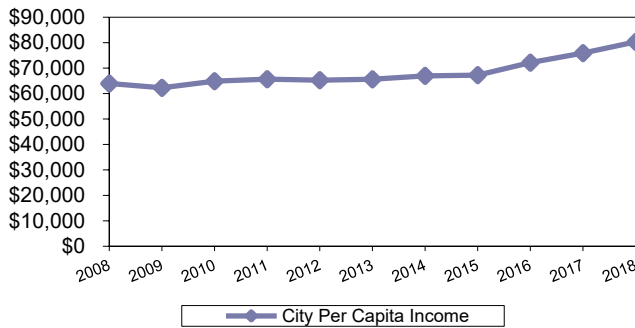
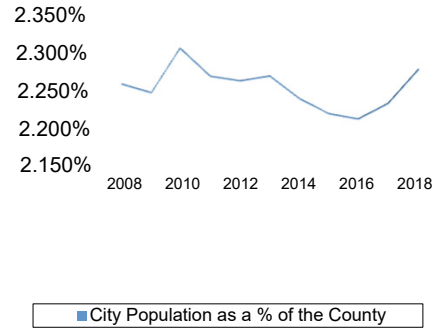
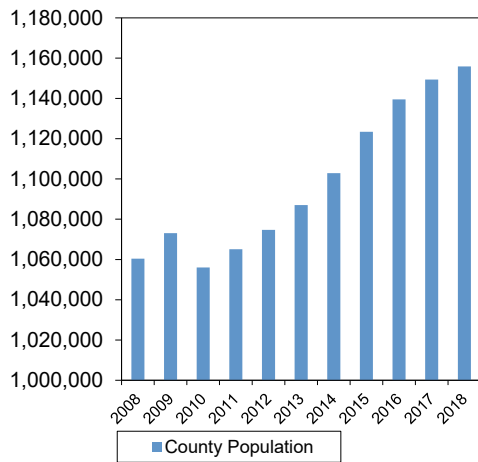
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax	Debt Service		Coverage
	Increment	Principal *	Interest *	
2010	\$ 2,247,282	\$ 310,000	\$ 1,415,636	1.30
2011	3,216,617	335,000	1,403,939	1.85
2012	1,613,604	390,000	1,390,236	0.91
2013	-	-	-	
2014	-	-	-	
2015	-	-	-	
2016	-	-	-	
2017	-	-	-	
2018	-	-	-	
2019	-	-	-	

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

**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)
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
2017	25,655	1.8%	1,947,374	75,906
2018	26,327	2.6%	2,114,226	80,306

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 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016 and 2017

** In Thousands

City of Lafayette Unemployment Rates (3)	Contra Costa County Population (1)	Contra Costa County Per Capita Income (2)
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	*
2.4%	1,149,363	*
2.4%	1,155,879	*

**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
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%
2017	12,100	2.4%	2.4%	4.8%
2018	12,900	2.1%	2.6%	4.2%

* Information was not available for 2009

Source: State of California Employment Development Department

**CITY OF LAFAYETTE
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND THREE YEARS AGO**

Employer	2018-19		2015-16	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lafayette School District *	468	3.63%	429	3.49%
Whole Foods Market	203	1.57%	215	1.75%
Oakwood Athletic Club **	183	1.42%	159	1.29%
Lafayette Park Hotel & Spa ***	180	1.40%	180	1.46%
Diablo Foods Inc.	180	1.40%	150	1.22%
Acalanes High School *	122	0.95%	120	0.98%
Safeway	96	0.74%	130	1.06%
Trader Joe's	95	0.74%	80	0.65%
Orchard Nursery & Florist	85	0.66%		
Bentley Upper School (9-12th)	82	0.64%		
El Charro Mexican Dining			72	0.59%
Yankee Pier Restaurant			50	0.41%
Total Top Employers	1,694	13.13%	1,585	12.89%
Total City Employment (1)	12,900		12,300	

* Includes classified, certificated and admin.

** Includes full and part time employees

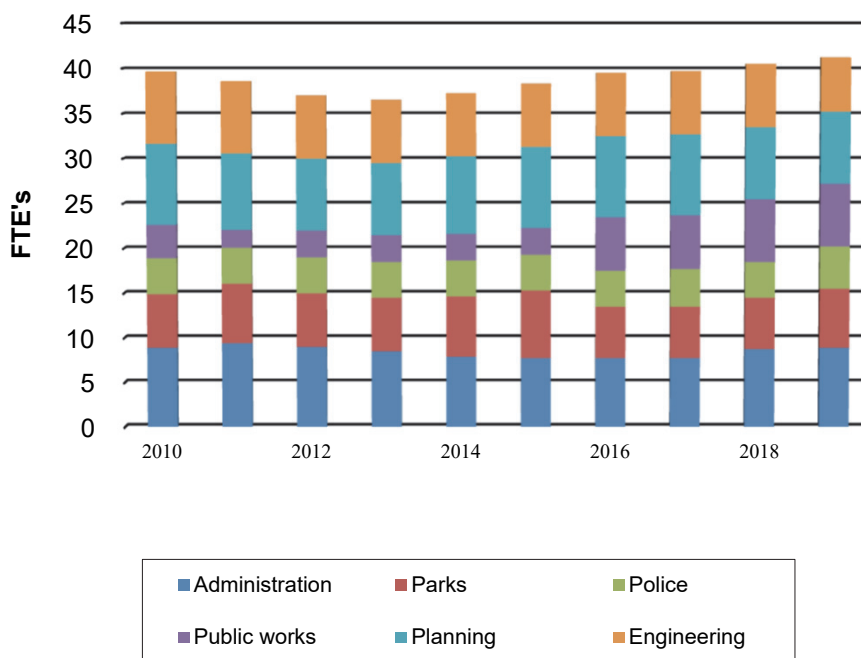
*** Includes Park Bistro and Bar

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

Note: P S R West Coast Builders, Inc. has chose not to release the count this year.

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

**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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Administration	8.87	9.37	8.97	8.47	7.87	7.72	7.72	7.72	8.72	8.87
Parks	6.00	6.68	6.00	6.00	6.75	7.55	5.75	5.75	5.75	6.60
Police	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.20	4.00	4.73
Public works	3.75	2.00	3.00	3.00	3.00	3.00	6.00	6.00	7.00	7.00
Planning	9.00	8.50	8.00	8.00	8.60	9.00	9.00	9.00	8.00	8.00
Engineering	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00
Total	39.62	38.55	36.97	36.47	37.22	38.27	39.47	39.67	40.47	41.20

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Function/Program</u>									
<u>Police</u>									
Total reports	*	*	*	*	1,526	1,798	1,652	1,561	1,445
Calls for service	*	*	15,760	16,519	16,049	18,580	18,506	19,312	16,610
% officer-initiated activity	*	*	*	*	37%	41%	42%	43%	43%
Overall Part 1 crimes	*	*	441	496	404	548	441	339	258
# of residential burglaries	*	85	70	61	48	22	31	19	8
% of residential burglaries solved	*	*	*	*	33%	60%	53%	84%	88%
Code Enforcement Incidents **	*	*	*	190	228	305	436	561	368
<u>Public Works</u>									
Work requests (outside normal service)	*	*	*	285	210	365	337	295	532
Abatement issues	*	*	*	53	32	54	3	11	82
Curb painting	*	*	*	18	8	21	4	6	-
Ditch cleaning	*	*	*	3	1	6	21	12	7
Litter removal	*	*	*	4	9	5	22	15	36
Sign installation, repair, replacement	*	*	*	61	53	98	75	69	46
Street repair	*	*	*	31	20	32	38	22	34
Tree/brush maintenance	*	*	*	6	9	20	23	11	5
Trimming vegetation	*	*	*	10	9	6	25	22	18
<u>Engineering</u>									
Encroachment permits	*	380	385	465	466	564	447	433	399
<u>Recreation</u>									
Class enrollments	9,236	8,643	9,953	11,714	9,794	12,423	15,081	18,803	21,600
Senior transportation- rides provided	2,979	3,104	3,878	3,979	4,316	4,237	3,813	3,201	3,247
<u>Planning</u>									
Total applications processed	251	232	265	287	279	288	347	295	322
Design Review Permits	26	22	26	22	30	23	35	18	23
General Pan Amendment	1	1	1	-	1	-	3	-	-
HDP/DR/GR (OTC)	97	73	95	117	83	91	93	114	131
Hillside Development Permits	33	39	35	38	41	52	57	34	44
Second Unit	5	4	5	3	2	6	13	14	9
Sign Permits	10	2	12	6	10	6	16	5	8
Tree Permits	28	32	32	35	45	43	55	49	45
Variance Permits	10	21	15	12	14	15	16	11	15

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

** Program was moved from the Planning Department to the Police Department effective 7/1/2017.

Source: Various City Departments

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

<u>Function</u>	<u>June 30,</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Police</u>										
Patrol vehicles	*	*	*	*	*	17	20	19	18	18
ALPR Vehicles	*	*	*	*	*	*	*	2	2	3
Traffic motorcycles	*	*	*	*	*	3	3	3	2	2
Dual sport motorcycles	*	*	*	*	*	2	2	2	5	5
All terrain vehicles	*	*	*	*	*	*	1	1	1	1
Equipment trailers	*	*	*	*	*	4	4	4	4	4
Speed trailers	*	*	*	*	*	2	2	2	2	2
Parking vehicles	*	*	*	*	*	4	3	3	3	3
Drones	*	*	*	*	*	*	*	1	1	2
<u>Public works</u>										
Vehicles	*	*	*	*	*	10	11	9	10	10
Trailers	*	*	*	*	*	*	*	1	1	1
Streetlights	*	*	*	*	*	458	458	476	476	476
Traffic signals	*	*	*	*	*	24	24	26	26	26
Trellis lights	*	*	*	*	*	60	60	60	60	60
Landscape acreage	*	*	*	*	*	7	7	7	7	7
Trail miles	*	*	*	*	*	10	10	10	10	10
Pedestrian and advance warning signs	*	*	*	*	*	*	16	18	18	19
<u>Engineering</u>										
Vehicles	*	*	*	*	*	7	6	5	5	6
Streets (centerline miles)	*	*	*	*	*	93	93	93	93	93
<u>Recreation (incl. Sr. Transportation)</u>										
Vehicles	*	*	*	*	*	3	3	2	1	1
Parks acreage	*	*	*	*	*	80	80	80	80	80
<u>Planning</u>										
Vehicles	*	*	*	*	*	3	3	3	2	2

* No information available.

Source: Various City Departments

CITY OF LAFAYETTE
MISCELLANEOUS STATISTICAL DATA
June 30, 2018

Year of Incorporation	1968
Form of Government	General Law
Population	26,327
Median Age	45.1
Median Household Income	\$157,061
Registered Voters	18,156
Area in Square Miles	15.39
Number of Authorized Full-Time Equivalent City Employees	40.47

Miles of Streets:

Public Miles	93
Private miles	43

Fire Protection:

Contra Costa Fire District	
Number of Stations	3

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

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**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2019**

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

For The Year Ended June 30, 2019

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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, 2019, 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.

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.

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

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.

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.

Pleasant Hill, California

DATE

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**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

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

EFFECTIVE FISCAL YEAR 2019/20:

GASB 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB 90 - Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

**NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE
(Continued)**

EFFECTIVE FISCAL YEAR 2020/21:

GASB 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL**

SCHEDULE OF OTHER MATTERS

**NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE
(Continued)**

EFFECTIVE FISCAL YEAR 2021/22:

GASB 91 - Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL**

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

2018-01 Check Log Maintenance

Criteria: To ensure that all checks issued by the City are reviewed and accounted for, the numerical sequence of issued checks should be tracked by a check log. This check log should be reviewed by an employee that does not have the ability to process checks in the City's financial system.

Condition: The employees who processes accounts payable or payroll and the first reviewer all have access to blank check stocks and electronic signature. In addition, the first reviewer is a superuser of the financial system thus has access to the accounts payable and payroll module.

The City's current practice for accounts payable and payroll check runs is that after the batches are processed and before the checks are run, the batches and supporting documents are reviewed by another employee (first review). Then, after the checks are run, the check runs are reviewed by a third employee who has no access to the accounts payable or payroll module (second review). While a check log is being kept, the check log is not systematically filled out. Thus, the log is not being utilized to account for the numerical sequence of checks used.

Cause: The City believed that the two levels of review as well as the utilization of positive pay were sufficient controls to prevent misuse of checks.

Potential Effect: By not utilizing the check log, there is a possibility that unauthorized checks are run between check runs without being detected.

Recommendation: We recommend the City keep the check log up-to-date. In addition, as part of the second review, the reviewer should examine the check log to account for the sequential orders of the checks. Any missing check numbers should be investigated immediately.

Current Status: Implemented

**CITY OF LAFAYETTE
MEMORANDUM ON INTERNAL CONTROL**

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES

2018-02 Cash Receipts Controls

Criteria: When cash collection systems are not interfaced with the City's general ledger, reconciliations should be done between these systems and the general ledger to ensure that all revenues collected from customers are recorded in the general ledger.

Condition: Currently, each department of the City uses a different system to record cash receipts. Cash receipts, either in batches or individually, are then routed to the Administrative Services Department for processing. An employee in the Administrative Service Department reconciles cash receipts to the supporting documents. She then manually inputs the cash receipts data into the City's general ledger.

There is no reconciliation between the revenues recorded in each department's system and the respective amounts in the general ledger.

Cause: The City's financial system does not contain a cash receipts module.

Potential Effect: Without reconciliation of the systems, it is impossible for the City to make sure that all cash receipts collected in various departments were properly accounted for by the City.

Recommendation: A revenue report generated by the general ledger should be given to each department monthly for reconciliation. This reconciliation should be done by an employee who does not handle cash receipts in that department. In the future, when the City upgrades its financial system, the City should consider purchasing a system that offers an integrated cash receipt module as part of the system.

Current Status: Not all of the departments have a system that tracks revenues taken in. For example, the Planning Department has a software system that tracks properties in the City and applications/permits related to them. There is not a cash function as part of this system so there would be no data for reconciliation. The departments that do have systems tracking revenues can perform a periodic reconciliation with the accounting system, but this too has its challenges as accounting numbers reflect accruals and most department systems will be on a cash basis. In addition, department systems are going to report on transaction dates, whereas accounting report will be based on deposit date. Finally, given the City's staffing levels, there are no staff that have access to systems for which they do not handle cash receipts. This aspect of the recommendation is not feasible for the City under the existing conditions. The City does not have the resources to fully implement the auditor's recommendation; however, staff will explore a reconciliation process where it may be feasible.

Regarding the larger recommendation for a cash receipting module that ties to the accounting system, this research has been slow to occur. As a minimally staffed organization, it is challenging to ensure high quality management of the day to day workload notwithstanding the lengthy research needed to find a good solution. Staff is committed to continuing to improve internal controls and will prioritize researching a cash receipting module.

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, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted 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) pronouncement became effective, but did not have a material effect on the financial statements.

GASB 83 Certain Asset Retirement Obligations

The following GASB pronouncement became effective, but did not have a material effect on the financial statements. See Notes 7 to the financial statements for additional disclosure.

GASB 88 Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

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.

Accounting 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, 2019, cash and investments were measured by fair value. Fair value is essentially market pricing in effect as of June 30, 2019. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2019.

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liabilities and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the City. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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 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 **DATE**.

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.

Pleasant Hill, California

Date

City of Lafayette
Accounting Issues Memo – Final
June 30, 2019

We completed our final phase of the audit in October 2019 and noted the following:

1. Wire transfer Authorization

Criteria: To improve controls over wire transfers, two employees should be required in setting up a wire transfer transaction.

Condition: There are two authorized personnel that can make wire transfers. Currently, the City's wire transfer procedures allow either one of them to complete the entire wire transfer transaction. The City's mitigating control is that once a wire transfer is made, both authorized personnel receive an email from the bank to notify of the transfer.

Cause: The City believes that due to limited staff size, if one of the authorized personnel is out of the office, the other one needs authority to be able to carry out normal financial duties, which include wire transfers.

Potential Effect: While the email from the bank would make both authorized personnel aware of any transfers, if one of the personnel is on leave, such as a vacation, the email notification will not serve as a prompt alert of any unauthorized transactions.

Recommendation: The City should implement a process where two people are needed to process a wire transfer. For instance, one employee sets up the wire transfer, while the other employee authorizes and processes it. To mitigate the concern of not being able to carry out business while one authorized personnel is away, a third employee could be identified as authorized personnel to provide flexible in case one of the three is out of the office.

2. Investment Policy Compliance

Criteria: The City's investment policy states that quarterly investment report shall be submitted to the Council within thirty days following the end of the quarter. In addition, the policy states that the quarterly report "shall include, at a minimum, the following information for individual investment: description of investment instrument, issuer name, yield to maturity, purchase date, maturity date, purchase price, par value and current market value for securities with maturity greater than 12 months."

Condition: The City's June 30, 2019 Quarterly Financial Report does not appear to include yield to maturity, purchase date or purchase price of individual investment. In addition, the June 30, 2019 Quarterly Financial Report was not submitted to the City Council until October 15, 2019.

Cause: Due to limited staffing in the Administrative Services Department, the City needs time to complete the Quarterly Financial Report.

Potential Effect: The City does not comply with the above sections of its investment policy.

Recommendation: The City should include the yield to maturity, purchase date or purchase price of individual investment in its future Quarterly Financial Reports. In addition, the City should revise its investment policy to include a more realistic submission timeline based on the staffing resources of the City.

City of Lafayette
Accounting Issues Memo – Final
June 30, 2019

3. Purchasing Procedures Compliance

Criteria: The City’s purchasing procedures state that the “Purchasing Agent is authorized to award maintenance contracts and contracts for the purchase of materials, supplies and equipment of \$175,000 or less. The City Council shall award maintenance contracts and contracts for the purchase of materials, supplies and equipment of more than \$175,000.”

The purchasing procedures further states that “Materials, supplies and equipment required by any city department for its daily operation and use may be purchased through any alternative procedure.....Alternative procedures include the procurement of materials, supplies and equipment by negotiated contract or the competitive proposal process and approved by the Purchasing Agent.”

Condition: In our testing of internal control over the City’s disbursement cycle, we noted the following:

- Two of the twenty-five samples did not have contracts.
- One of the twenty-five samples did not obtain a bid or alternative procedure required for the purchase of a vehicle.

Cause: The City’s policy appears to be outdated.

In addition, there was a change in management in the department that purchased the vehicle. The City had purchased another vehicle from the same vendor in the past. New management did not realize that a new bid is needed for the new purchase.

Potential Effect: The City is out of compliance with their purchasing procedures above.

Recommendation: We recommend the City update its purchasing procedures so that it reflects its current practice. In addition, during the on-board process new staff should be educated on the City’s policies and procedures applicable to that position.