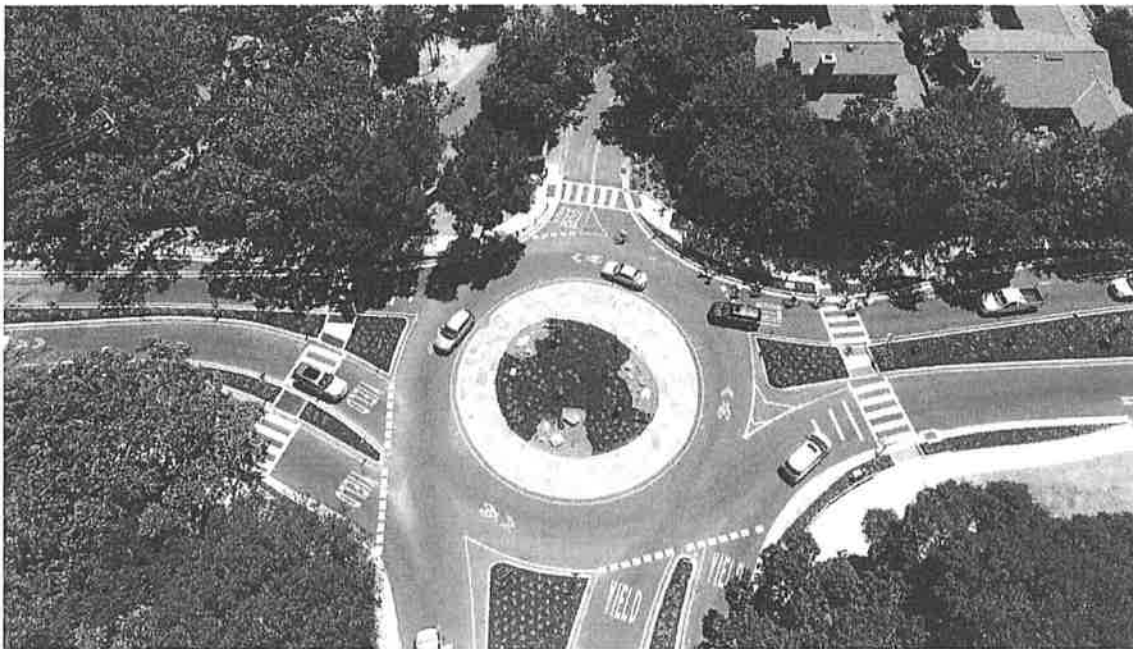


**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**



**CITY OF LAFAYETTE
CALIFORNIA**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

City of Lafayette, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Prepared by
The Administrative Services Department**

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For the Year Ended June 30, 2018

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City Council

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

December 10, 2018

To: Lafayette City Council
From: Tracy Robinson, Administrative Services Director
RE: Fiscal Year 2017-18 Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) of the City of Lafayette for the fiscal year ending June 30, 2018 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. 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, or collude, to circumvent the control. 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 unmodified ("clean") opinion on the City of Lafayette's financial statements for the year ended June 30, 2018. 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 2017-18. The Management Discussion and Analysis which is also included in this report provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION ABOUT THE CITY OF LAFAYETTE

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

The City's population on 1/1/2018 as reported by the State of California Department of Finance was 25,655. The City is primarily a residential community with commercial (retail and office) and light industrial enterprises, as well as local governmental offices.

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

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

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

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

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

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

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

ORGANIZATIONAL STRUCTURE & COMPENSATION

The City employs 41.85 FTE regular employees as well as a number of temporary and seasonal employees. Most of the senior management team is experienced and long-tenured:

Steven Falk	City Manager	28 years
Joanne Robbins	City Clerk	24 years
Niroop Srivatsa	Planning & Building Director	24 years
Tracy Robinson	Administrative Services Director	18 years
Jennifer Wakeman	Financial Services Manager	5 years
Mike Moran	Public Works & Engineering Director	4 years
Jonathan Katayanagi	Parks & Recreation Director	2 years
Mala Subramanian	City Attorney, BB&K (contract)	11 years
Ben Alldritt	Chief of Police, County (contract)	<1 year

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 consistently fully funds the liability stemming from the retiree medical program, which is amortized over a 30 year period.

ECONOMIC CONDITION AND OUTLOOK

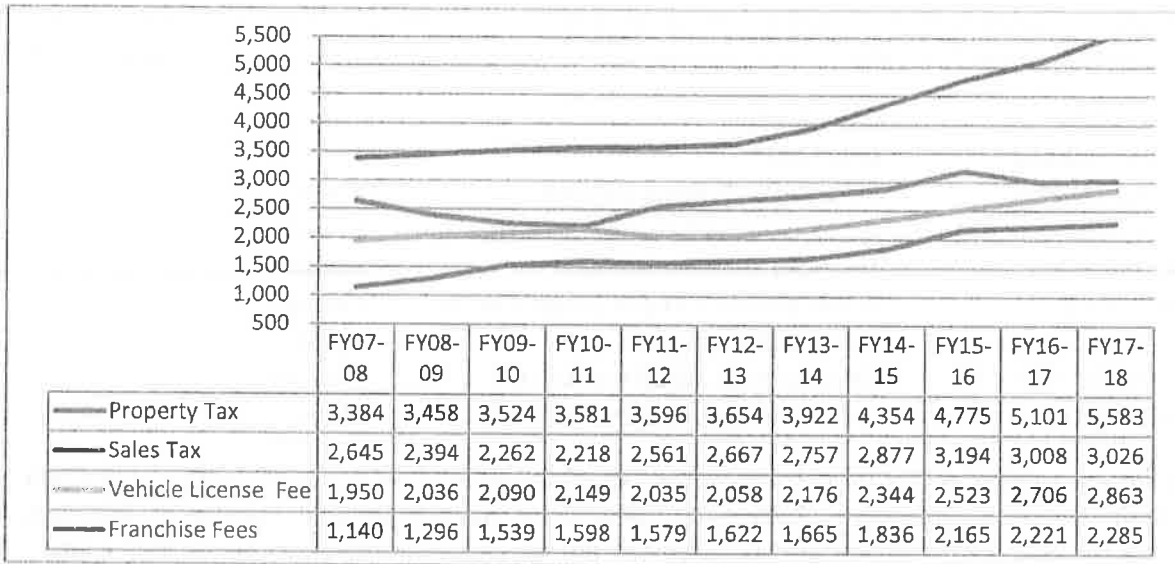
Local Economy

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

The residents are generally highly educated, with over 74% having bachelor's degrees or higher and almost 31% hold graduate or professional degrees. The median household income is \$142,977, which compares to \$82,881 for the County and \$63,783 for the State. The median sales price of homes in Lafayette as of September 2018 was \$1,387,400. Homeownership rates are also very high, at 73%, as compared to a state average of 51%.

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 charges for services, which dipped slightly due to the timing of project submittals and review work. Sales tax was lower than budgeted due to a lag in receiving our revenue from the state due to their conversion to a new system; those amounts will be added to the FY18-19 revenue. Also, after several years of dormancy due to a recession, development has started again and since 2008 an average of approximately 43 units per year will have been added to Lafayette's housing stock by 2018. This additional housing includes a combination of single family homes, multi-family condominiums, townhouses and apartments, second units and assisted living facilities.

Major Revenue Trends (in \$000s)



Long Term Financial Planning & Major Initiatives

As of June 30, 2018, 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, \$10.8M or 75% is designated for this purpose. This represents a \$1M increase from the prior year.

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

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

The City of Lafayette maintains a five-year Capital Improvement Program which serves as its planning document to ensure that its infrastructure is well maintained. Under the guidance of the Capital Projects Assessment Committee, the City prioritizes roads for maintenance and reconstruction. Over the course of the last 15 years, the City has been able to whittle what was once a \$23M failed road backlog down to less than \$2M. During that time, the City has contributed over \$7M in General Fund reserves to the Pavement Management Program. These funds, along with franchise impact fees, grants, gas tax and Measure J regional money have allowed the City to reconstruct many of the failed residential roads. The City estimates that by the end of FY 2018-19, the entire backlog will have been substantially reduced. This will relieve one of the largest ongoing burdens on the General Fund over the last 20 years.

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, the CalTrust pooled fund, and select, highly-rated corporate notes.

Several years ago, the Council recognized that it may have a significant shortfall in the Stormwater Pollution Fund in the next ten years given the inability to raise permit fees while at the same time facing increased costs and program mandates. They decided to begin setting aside money in a special sinking fund for this purpose. It is expected that the City will need to start using some of those reserved funds starting next year. Likewise, the City has started to set aside \$100K per year towards the update of its General Plan which is due to start in 2020.

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

It is the Council's policy to adopt a balanced budget each year with conservative estimates of revenue and expenses. For FY18-19, 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, 2017. This was the third straight year that the City of Lafayette has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

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

CITY OF LAFAYETTE
CITY OFFICIALS AS OF JUNE 30, 2018

MAYOR

Don Tatzin

Term Expires November 2018

CITY COUNCIL

Cameron Burks, Vice Mayor
Term Expires November 2020

Mike Anderson, Council Member
Term Expires November 2020

Mark Mitchell, Council Member
Term Expires November 2020
*Deceased November 5, 2018

Ivor Samson, Appointed Council Member
Term Expires November 2018

CITY MANAGER

Steven B. Falk – 28 years of service

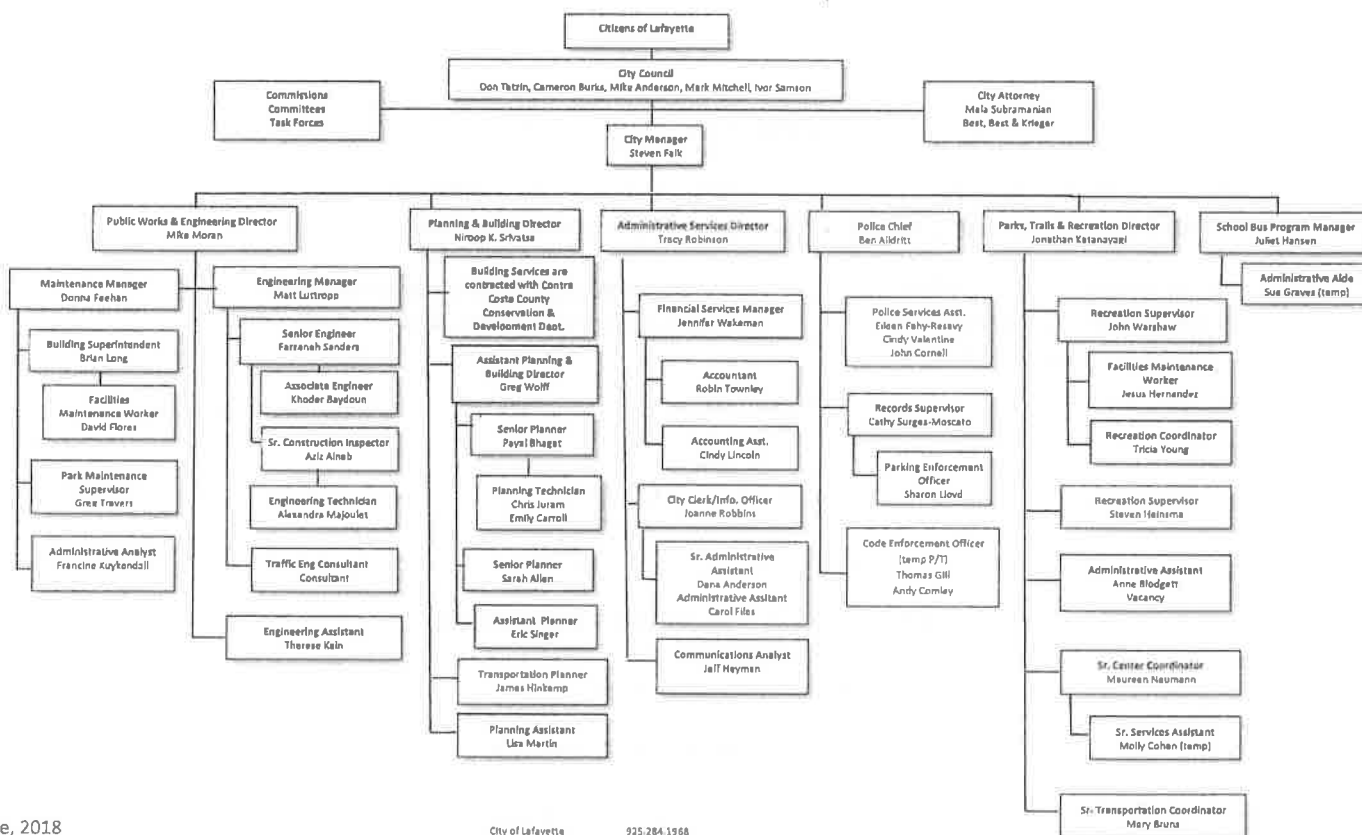
ADMINISTRATIVE SERVICES DIRECTOR

Tracy Robinson – 18 years of service

FINANCIAL SERVICES MANAGER

Jennifer Wakeman – 5 years of service

City of Lafayette Organization Chart

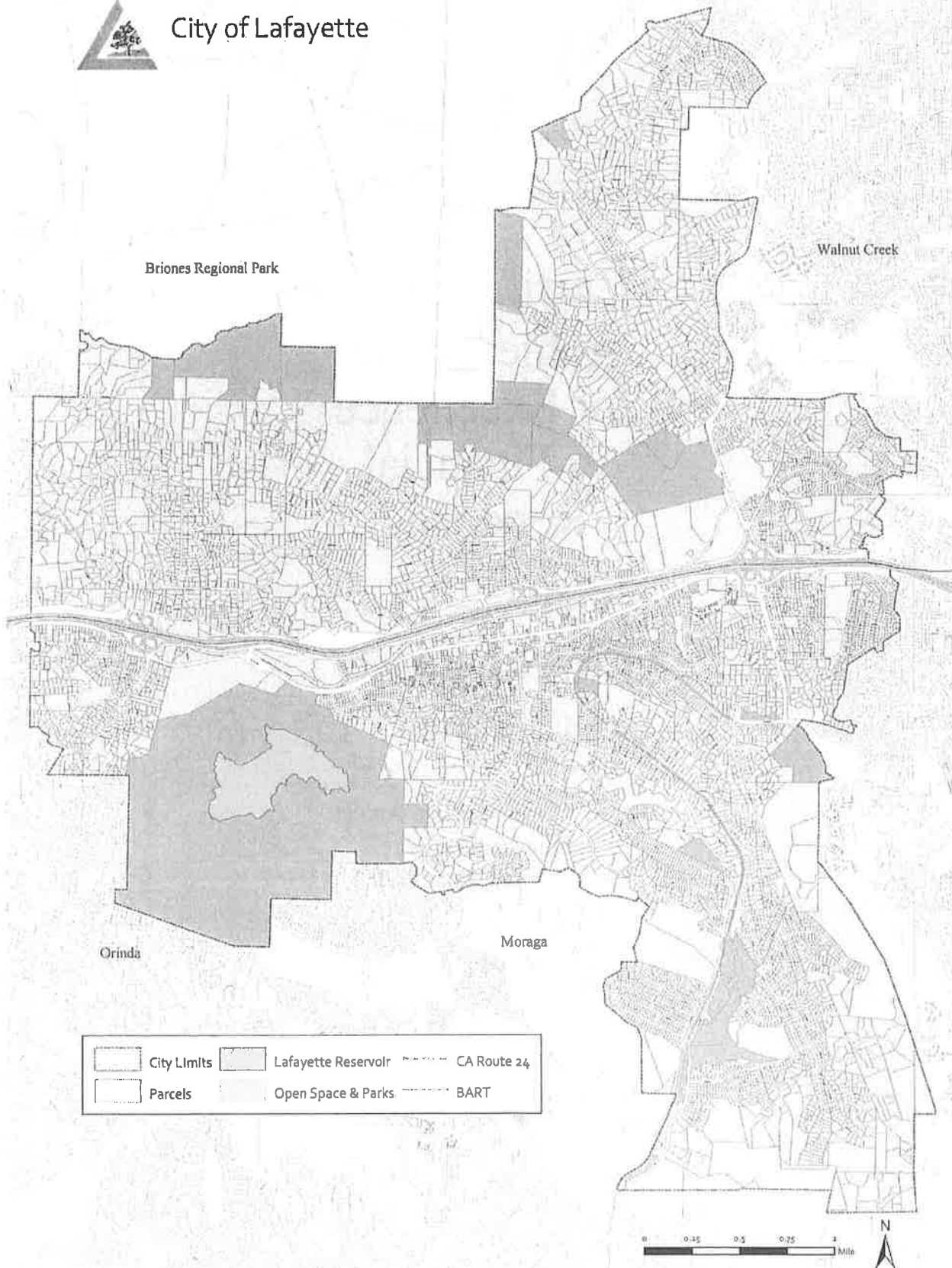


June, 2018

City of Lafayette 925.284.1968
 Planning Department 925.284.1976
 Engineering Department 925.284.1951
 Public Works Department 925.034.3908
 Parks & Recreation 925.284.7232
 Email: FirstInitial.LastName@lavelafayette.org



City of Lafayette





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, 2017

Christopher P. Morrill

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 10B.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California

November 28, 2018

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CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

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, 2018. To obtain a complete understanding of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter, Basic Financial Statements, and other information.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$134,911,804 (*net position*). Of this amount, \$29,593,982 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's overall net position decreased \$40,022 from last fiscal year's restated net position. This represents the net change between an operational increase in net position of \$233,280 and the required restatement of prior year net position due to the implementation of GASB No. 75, which was a decrease of \$273,302. The unrestricted portion of the City's net position increased by \$2,733,872 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 \$34,383,504, an increase of \$3,161,906 in comparison with the prior year. Of the governmental funds reported combined fund balances, \$9,560,743 (approximately 28% of the combined fund balance) is available for spending at the City's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of *fund balance*) for the general fund was \$13,370,306, or approximately 95% of total general fund expenditures.
- The City's total outstanding long-term debt on the Statement of Net Position consists of General Obligation Bonds with outstanding balances of \$4,355,000.

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

Overview of the Financial Statements

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

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

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

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.

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*.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

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

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

- General Fund includes the General Fund (11), Shared Equity (30), Library Operations (37), and Insurance (76).
- Parking Programs Fund includes only Parking Programs (32).
- Public Facilities Fund includes only Public Facilities (16).
- Streets & Signals Fund includes only Streets & Signals (14).
- Capital Projects Fund includes Parks Facilities (12), Parkland Acquisition (17), City Offices (75), and Road and Drain Improvement (79).
- Debt Service Fund includes only General Obligation Bonds (78).
- Other Governmental Funds include: Vehicle Abatement (34), Senior Transportation (36), Low and Moderate Income Housing (38), 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.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

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.

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 37-66 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 67-71)

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 94-138)

Government-wide Financial Analysis

The largest portion of the City's net position (75%) is the net investment in capital assets of \$100,979,947. 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 \$29,593,982. 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 \$7,050,225.

The remaining portion of the City's net position totals \$4,337,875 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, 2018

Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Cash and investments	\$ 12,427,414	\$ 13,014,497	\$ 940,446	\$ 641,793	\$ 13,367,860	\$ 13,656,290
Other assets	24,862,288	21,968,901	177,566	280,266	25,039,854	22,249,167
Capital Assets	105,334,947	108,777,613	-	-	105,334,947	108,777,613
Total assets	142,624,649	143,761,011	1,118,012	922,059	143,742,661	144,683,070
Deferred Outflows of Resources	28,604	-	-	-	28,604	-
Liabilities						
Accounts payable & accrued liabilities	2,263,873	2,427,436	55,091	30,563	2,318,964	2,457,999
Refundable deposits	644,553	766,413	24,733	21,313	669,286	787,726
Due to other funds	-	514,810	-	-	-	514,810
Long-term debt	4,355,000	4,835,000	-	-	4,355,000	4,835,000
Other liabilities	1,064,848	743,178	451,363	392,531	1,516,211	1,135,709
Total liabilities	8,328,274	9,286,837	531,187	444,407	8,859,461	9,731,244
Net position						
Net investment in capital assets	100,979,947	103,942,613	-	-	100,979,947	103,942,613
Restricted	4,337,875	4,149,103	-	-	4,337,875	4,149,103
Unrestricted	29,007,157	26,382,458	586,825	477,652	29,593,982	26,860,110
Prior period adjustment	-	(273,302)	-	-	-	(273,302)
Total net position	\$ 134,324,979	\$ 134,200,872	\$ 586,825	\$ 477,652	\$ 134,911,804	\$ 134,678,524

The City's overall net position decreased \$40,022 from last fiscal year's restated net position. This represents the net change between an operational increase in net position of \$233,280 and the required restatement of prior year net position due to the implementation of GASB No. 75, which was a decrease of \$273,302. Specific detail on this adjustment can be found in Note 10B. The reasons for the operational increase of \$233,280 are discussed in the following sections for governmental and business-type activities.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 2,989,827	\$ 2,993,980	\$ 1,350,305	\$ 1,300,301	\$ 4,340,132	\$ 4,294,281
Operating grants and contributions	771,828	992,416	-	-	771,828	992,416
Capital grants and contributions	466,273	2,217,522	-	-	466,273	2,217,522
General revenues						
Property taxes	6,280,834	6,226,957	-	-	6,280,834	6,226,957
Other taxes	7,522,297	7,355,357	-	-	7,522,297	7,355,357
Other	4,029,520	4,011,889	1,418	421	4,030,938	4,012,310
Total revenues	22,060,579	23,798,121	1,351,723	1,300,722	23,412,302	25,098,843
Expenses:						
General government	4,404,082	4,179,028	-	-	4,404,082	4,179,028
Police services	5,693,891	5,455,796	-	-	5,693,891	5,455,796
Public works	3,330,799	3,148,160	-	-	3,330,799	3,148,160
Planning	834,927	760,021	-	-	834,927	760,021
Engineering	6,345,622	6,221,990	-	-	6,345,622	6,221,990
Infrastructure	-	-	-	-	-	-
Interest on long-term debt	115,911	169,164	-	-	115,911	169,164
Recreation	-	-	1,212,550	1,200,758	1,212,550	1,200,758
Other	1,241,240	1,314,639	-	-	1,241,240	1,314,639
Total expenses	21,966,472	21,248,798	1,212,550	1,200,758	23,179,022	22,449,556
Change in net position before transfers	94,107	2,549,323	139,173	99,964	233,280	2,649,287
Transfers	30,000	55,000	(30,000)	(55,000)	-	-
Change in net position	124,107	2,604,323	109,173	44,964	233,280	2,649,287
Net position - beginning	134,200,872	131,869,851	477,652	432,688	134,678,524	132,302,539
Prior period adjustment	-	(273,302)	-	-	-	(273,302)
Net position - ending	\$ 134,324,979	\$ 134,200,872	\$ 586,825	\$ 477,652	\$ 134,911,804	\$ 134,678,524

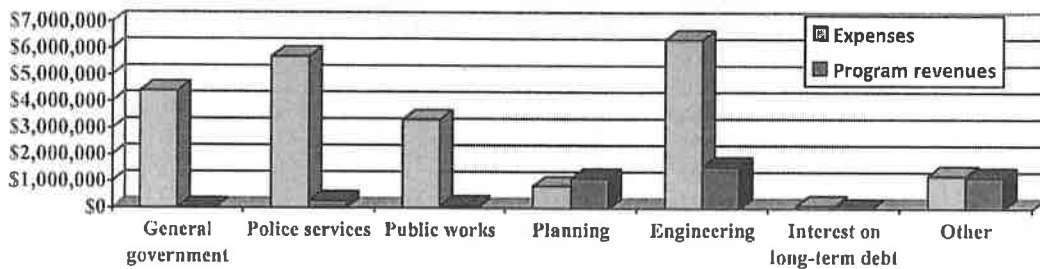
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$124,107 from the prior fiscal year balance, for an ending balance of \$134,324,979.

- Governmental activities revenues decreased 7% from the prior year, the result of a decrease in capital grants and contributions.
 - Capital grants and contributions decreased (\$1.8m) in the current year primarily due to receipt of a \$2,000,000 grant of Measure J funds for the Olympic & Reliez Station Road Corridor Improvements in the prior year.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2018

- Governmental activities expenses increased 3% from the prior year, with the largest changes in general government and police services.
 - General government costs were higher this year due to increased outside counsel costs (\$100,000) and the fabrication and installation of art for the roundabout at Pleasant Hill Road and Olympic Boulevard (\$125,000).
 - Police services expenses increased \$238,000 due to higher costs for sworn officers (\$163,000) and greater investment in equipment and vehicles (\$75,000).

Expenses and Program Revenues - Governmental Activities



- Police services recouped 5% of its program costs, or \$262,143 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 \$1,569,609, Engineering (which includes capital project costs) recoups about 25% of its costs with the remaining funding coming from general revenues, including gas tax and Measure J monies
- The Other program comprises costs for parking programs, library operations and the senior transportation program

Business-Type Activities. For the City's business-type activity, recreation programs, the results for the current fiscal year were positive in that overall net position increased by \$109,173, or 23%, to reach an ending net position of \$586,825. The increase in net position this year is attributable to ongoing efforts to operate a self-sustaining recreation program and continued expansion of programs, especially in the area of after school enrichment. 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.

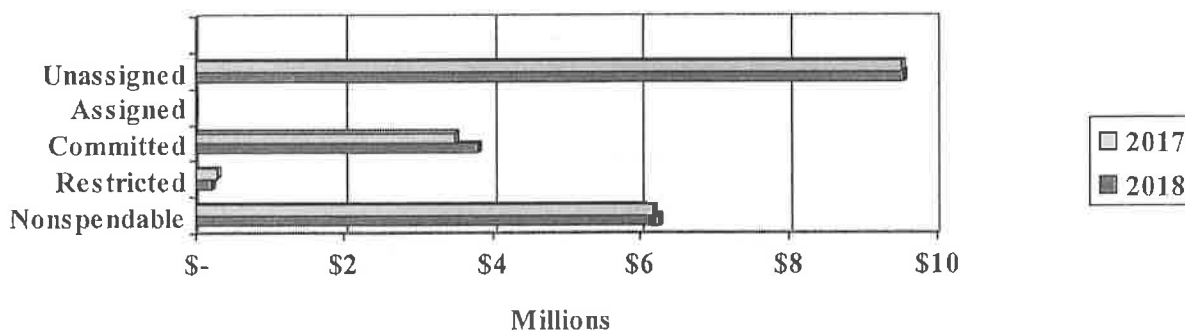
CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2018

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, 2018, the City's governmental funds reported combined fund balances of \$34,383,504 an increase of \$3,161,906 in comparison with the prior year. Approximately 28% of the combined fund balance, or \$9,560,743, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted, committed*, or *assigned* to indicate that it is: 1) not in spendable form (\$6,245,105), 2) legally required to be maintained intact (\$0), 3) restricted for particular purposes (\$5,171,785), 4) committed for particular purposes (\$13,405,871), or 5) assigned for particular purposes (\$0).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,560,743, while total fund balance increased to \$19,842,042. 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 68% of total general fund expenditures, which exceeds industry recommendations from the Government Finance Officers Association, while total fund balance represents about 141% of that same amount.

**General Fund
 Components of Fund Balance
 June 30, 2017 and 2018**



The fund balance of the City's general fund increased by \$359,006 during the current fiscal year primarily due to property taxes (\$302,000) resulting from higher prices and franchise fees coming in at \$161,000 more than the prior year.

The parking programs fund, a major fund, had an increase in fund balance during the current fiscal year of \$9,905, which put the overall fund balance at \$402,426. The increase results from reduced capital outlay costs for the year.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2018

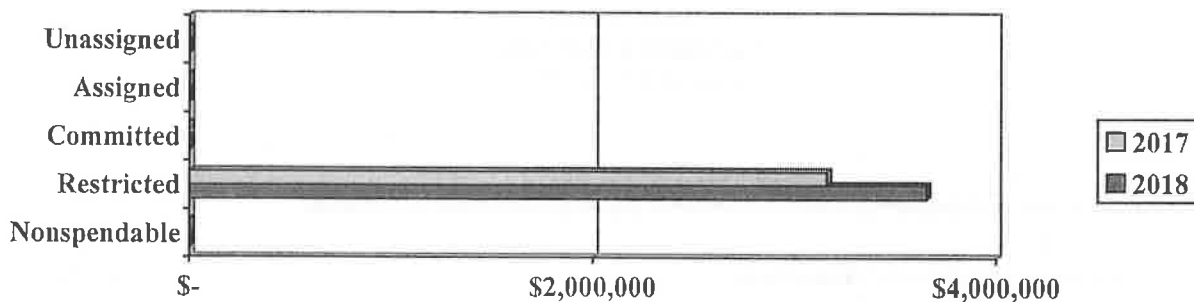
The public facilities fund, a major fund, had a \$649,964 decrease in fund balance during the current fiscal year, which put the overall fund balance at \$499,181. The decrease results primarily from the use of monies for completion of the new police station build out at 3471 Mt. Diablo Blvd.

The streets and signals fund, a major governmental fund, had a \$513,028 increase in fund balance in the current fiscal year, resulting in an end of year balance of \$1,551,594. 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 \$2,458,530 increase in fund balance during the current fiscal year which raised the overall fund balance to \$7,860,278. This was primarily due to the sale of the property at 952 Moraga Road to the Lafayette School District for \$1,997,245. The remainder of the increase was a result of developer fees collected during the fiscal year.

The debt service fund, the remaining major fund, had a \$15,589 decrease in fund balance during the current fiscal year, which put the overall fund balance at \$576,675. The decrease results from the scheduled use of the excess fund balance. As a matter of practice, each year when the tax levy is calculated, the current fund balance is taken into account against the remaining debt service so that a lower rate is achieved, resulting in reduced property tax bills for landowners.

**Other Governmental Funds
 Components of Fund Balance
 June 30, 2017 and 2018**



Governmental funds that do not meet the determination of a major fund are presented in the aggregate. The other governmental funds had a \$486,990 increase in fund balance, resulting in an end of year balance of \$3,651,308. This increase is attributable to the receipt of more money than was used in the year with regard to gas tax (\$138,976) and Measure J (\$398,061). Gas tax and Measure J monies 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, 2018

Unrestricted net position of the recreation programs at the end of the year was \$586,825. The total growth in net position for the fund was \$109,173. 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 development of an after school enrichment program at each of the elementary school campuses. 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:
 - \$30,000 for additional traffic enforcement on Reliez Valley Road
 - \$25,000 for furniture and fixtures for the new police station
 - \$560,000 to fix the slide on St. Mary's Road (The budget for state grant revenue was also adjusted to reflect the reimbursable portion.)
 - \$55,000 for a Communications Analyst position for six months
 - \$202,182 for the setting of a bonus pool for staff
 - \$139,500 for additional costs related to the 2018 Road Rehabilitation Project

Final budget compared to actual results. Actual revenues came in over budget by \$233,022.

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 5.78% from \$7,439,289,837 in fiscal year 2016/17 to \$7,868,941,678 in fiscal year 2017/18. Differences between the property tax budget and actual revenues received are due to the challenges with regard to the timing of transactions and when they actually hit the tax roll. For example, homes sales from calendar year 2016 are reflected in the tax roll for fiscal year 2017/18 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.

Of note for fiscal year 2017/18 is that sales tax revenues are likely to be slightly understated by an unknown amount. As a result of system and disbursement timing changes implemented by the California Department of Tax and Fee Administration (CDTFA) in May 2018, there has been a delay in the processing of paper filer returns and errors related to the CDTFA online payment system failing on the day returns were due in May. For the City, this means that additional sales tax revenue related to fiscal year 2017/18 is likely to be received and recorded in fiscal year 2018/19.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

Actual expenditures came in \$1,142,651 under budget. The primary sources of these savings were police services and public works. Police services were under budget by \$614,721 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 \$382,631 due to the deferral of normal repair work due to storm clean-up efforts.

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, 2018 is valued at \$105,334,947. The City did not have any capital assets for its business-type activities as of June 30, 2018.

	Governmental activities	
	2018	2017
Land	\$ 13,777,425	\$ 15,752,339
Improvements	2,299,099	2,282,093
Buildings	39,410,099	38,432,997
Infrastructure	46,260,690	45,850,570
Equipment	443,381	563,389
Vehicles	385,931	497,431
Books and artwork	1,167,910	1,222,507
Construction in progress	1,590,412	4,176,287
Total capital assets	\$ 105,334,947	\$ 108,777,613

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

- Completed the Olympic – Reliez Station Road Corridor Improvements Project
- Completed the 2017 Road and Drain Rehabilitation Project
- Completed the Police Department Remodel at 3471 Mt. Diablo Boulevard
- Sold the property located at 952 Moraga Road to the Lafayette School District

Additional information on the City's capital assets can be found in Note 6 on pages 54-55.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2018

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$4,355,000. 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, 2018, the City did not have any long-term obligations for its business-type activities.

The City's total debt decreased by \$480,000 (10%) 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 \$4,355,000.

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

Economic Factors

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

The residents are generally highly educated, with over 74% having bachelor's degrees or higher and almost 31% hold graduate or professional degrees. The median household income is \$142,977, which compares to \$82,881 for the County and \$63,783 for the State. The median sales price of homes in Lafayette as of September 2018 was \$1,387,400. Homeownership rates are also very high, at 73%, as compared to a state average of 51%.

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
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$12,427,414	\$940,446	\$13,367,860
Restricted cash and investments (Note 3)	14,227,959		14,227,959
Accounts receivable	3,310,688	158,910	3,469,598
Interest receivable	15,543	829	16,372
Prepaid items (Note 1J)	15,003	17,827	32,830
Loan receivable from Successor Agency (Note 5)	7,246,993		7,246,993
Other assets	46,102		46,102
Capital assets (Note 6):			
Non-depreciable	15,825,986		15,825,986
Depreciable, net of accumulated depreciation	89,508,961		89,508,961
Total Assets	<u>142,624,649</u>	<u>1,118,012</u>	<u>143,742,661</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB (Note 9)	<u>28,604</u>		<u>28,604</u>
LIABILITIES			
Accounts payable and accrued liabilities	2,230,041	55,091	2,285,132
Interest payable	33,832		33,832
Refundable deposits	644,553	24,733	669,286
Unearned revenue	31,604	414,902	446,506
Accrued compensated absences (Note 1G):			
Due within one year	151,414	7,292	158,706
Due in more than one year	605,656	29,169	634,825
Long-term debt (Note 7):			
Due within one year	490,000		490,000
Due in more than one year	3,865,000		3,865,000
Net OPEB liability, due in more than one year (Note 9)	<u>276,174</u>		<u>276,174</u>
Total Liabilities	<u>8,328,274</u>	<u>531,187</u>	<u>8,859,461</u>
NET POSITION (Note 10)			
Net investments in capital assets	<u>100,979,947</u>		<u>100,979,947</u>
Restricted for:			
Debt service	576,675		576,675
Special revenue projects	1,622,128		1,622,128
Housing projects	1,538,269		1,538,269
Lighting and landscaping	238,196		238,196
Community Services	362,607		362,607
Total Restricted Net Position	<u>4,337,875</u>		<u>4,337,875</u>
Unrestricted	<u>29,007,157</u>	<u>586,825</u>	<u>29,593,982</u>
Total Net Position	<u>\$134,324,979</u>	<u>\$586,825</u>	<u>\$134,911,804</u>

See accompanying notes to financial statements

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

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions
Governmental Activities:			
City council, commissions, and community support	\$1,287,941		
Police services	5,693,891	\$106,127	\$156,016
Parking services	346,885	510,810	
Public works	3,330,799	87,899	
Senior transportation	132,667	18,046	23,089
Library operations	761,688	38,200	570,004
Planning	834,927	1,099,705	22,719
Engineering	6,345,622	1,108,336	
Administration	3,116,141	20,704	
Interest on long-term debt	115,911		
Total Governmental Activities	<u>21,966,472</u>	<u>2,989,827</u>	<u>771,828</u>
Business-type Activities:			
Recreation Programs	1,212,550	1,350,305	
Total Business-type Activities	<u>1,212,550</u>	<u>1,350,305</u>	
Total	<u><u>\$23,179,022</u></u>	<u><u>\$4,340,132</u></u>	<u><u>\$771,828</u></u>

General revenues:
Taxes:
Property taxes
Sales taxes
Franchise taxes
Transient occupancy tax
Highway users tax
Transfer tax
Motor vehicle in lieu, unrestricted
Investment earnings
Other
Transfers, net (Note 4A)

Total general revenues and transfers

Change in Net Position

Net Position-Beginning as restated, (Note 10B)

Net Position-Ending

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	(\$1,287,941)		(\$1,287,941)
	(5,431,748)		(5,431,748)
	163,925		163,925
\$5,000	(3,237,900)		(3,237,900)
	(91,532)		(91,532)
	(153,484)		(153,484)
	287,497		287,497
461,273	(4,776,013)		(4,776,013)
	(3,095,437)		(3,095,437)
	(115,911)		(115,911)
466,273	(17,738,544)		(17,738,544)
		\$137,755	137,755
		137,755	137,755
\$466,273	(17,738,544)	137,755	(17,600,789)
	6,280,834		6,280,834
	3,559,897		3,559,897
	2,382,933		2,382,933
	732,816		732,816
	513,054		513,054
	333,597		333,597
	2,863,491		2,863,491
	407,827	1,418	409,245
	758,202		758,202
	30,000	(30,000)	
	17,862,651	(28,582)	17,834,069
	124,107	109,173	233,280
	134,200,872	477,652	134,678,524
\$134,324,979	\$586,825		\$134,911,804

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

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 2018. Individual other governmental funds may be found in the Supplemental Section.

GENERAL FUND

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

PARKING PROGRAMS FUND

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

PUBLIC FACILITIES FUND

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

STREETS AND SIGNALS FUND

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

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

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

CITY OF LAFAYETTE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General Fund	Parking Programs Fund	Public Facilities Fund	Streets and Signals Fund
ASSETS				
Cash and investments (Note 3)	\$12,269,771			
Restricted cash and investments (Note 3)			\$498,658	\$2,573,839
Accounts receivable	2,378,085	\$38,182		146,672
Interest receivable	3,105	5	523	3,254
Due from other funds (Note 4B)	570,909			
Prepaid items (Note 1J)	14,474	491		
Loans receivable from Successor Agency (Note 5)	6,230,102	820,123		
Other assets	46,102			
Total Assets	\$21,512,548	\$858,801	\$499,181	\$2,723,765
LIABILITIES				
Accounts payable and accrued expenses	\$1,010,917	\$6,318		\$1,171,859
Due to other funds (Note 4B)		450,057		
Refundable deposits	644,241			312
Unearned revenue	15,348			
Total Liabilities	1,670,506	456,375		1,172,171
FUND BALANCES				
Fund balance (Note 10):				
Nonspendable	6,244,576	491		
Restricted	227,160	109,401		607,279
Committed	3,809,563	292,534	\$499,181	944,315
Unassigned	9,560,743			
Total Fund Balances	19,842,042	402,426	499,181	1,551,594
Total Liabilities and Fund Balances	\$21,512,548	\$858,801	\$499,181	\$2,723,765

See accompanying notes to financial statements

Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
		\$157,643	\$12,427,414
\$7,855,441	\$576,675	2,723,346	14,227,959
		747,749	3,310,688
6,712		1,944	15,543
		38	570,909
		196,768	15,003
			7,246,993
			46,102
<u>\$7,862,153</u>	<u>\$576,675</u>	<u>\$3,827,488</u>	<u>\$37,860,611</u>
\$1,875		\$39,072	\$2,230,041
		120,852	570,909
			644,553
		16,256	31,604
<u>1,875</u>		<u>176,180</u>	<u>3,477,107</u>
	\$576,675	38	6,245,105
7,860,278		3,486,176	5,006,691
		165,094	13,570,965
			9,560,743
<u>7,860,278</u>	<u>576,675</u>	<u>3,651,308</u>	<u>34,383,504</u>
<u>\$7,862,153</u>	<u>\$576,675</u>	<u>\$3,827,488</u>	<u>\$37,860,611</u>

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

Total fund balances reported on the Governmental Funds Balance Sheet \$34,383,504

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
 therefore are not reported in the Governmental Funds. 105,334,947

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	(247,570)
Interest payable	(33,832)
Compensated absences	(757,070)
Long-term debt	<u>(4,355,000)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$134,324,979

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, 2018

	General	Parking Programs	Public Facilities Fund	Streets and Signals
REVENUES				
Property taxes	\$5,023,200			
Sales tax	3,026,925			
Other taxes	3,449,346			
Charges for services	1,065,127	\$356,907		\$189,702
Intergovernmental	3,362,454			1,629
Licenses and permits	613,379	35,063		
Fines, forfeitures and penalties	82,748	140,837		30,000
Use of money and property	385,529	25,440	\$1,426	5,696
Miscellaneous	908,895	242	6,831	162,743
Total Revenues	17,917,603	558,489	8,257	389,770
EXPENDITURES				
Current:				
City council, commissions, and community support	1,286,808			
Police services	4,914,929			
Parking services		346,261		
Public works	2,149,085		4,560	
Senior transportation				
Library operations	754,086			
Planning	830,228			
Engineering	505,984			558,288
Administration	3,010,084			
Capital outlay	608,264	202,323	1,727,205	1,717,775
Debt service:				
Principal				
Interest and fiscal charges	1,290			
Total Expenditures	14,060,758	548,584	1,731,765	2,276,063
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,856,845	9,905	(1,723,508)	(1,886,293)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)	25,000		1,073,544	2,399,321
Transfers (out) (Note 4A)	(3,522,839)			
Proceeds from sale of capital assets				
Total Other Financing Sources (Uses)	(3,497,839)		1,073,544	2,399,321
NET CHANGE IN FUND BALANCES	359,006	9,905	(649,964)	513,028
BEGINNING FUND BALANCES	19,483,036	392,521	1,149,145	1,038,566
ENDING FUND BALANCES	\$19,842,042	\$402,426	\$499,181	\$1,551,594

See accompanying notes to financial statements

Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
	\$581,206	\$676,426	\$6,280,832
			3,026,925
\$458,717		1,222,328	4,671,674
		18,046	2,088,499
		155,289	3,519,372
			648,442
13,143	308	11,794	265,379
		3,967	435,509
		45,236	1,123,947
<u>471,860</u>	<u>581,514</u>	<u>2,133,086</u>	<u>22,060,579</u>
			1,286,808
		554,244	5,469,173
72,543			346,261
		856,562	3,082,750
		132,348	132,348
			754,086
			830,228
		95,948	1,160,220
			3,010,084
			4,255,567
	480,000		480,000
	117,103		118,393
<u>72,543</u>	<u>597,103</u>	<u>1,639,102</u>	<u>20,925,918</u>
<u>399,317</u>	<u>(15,589)</u>	<u>493,984</u>	<u>1,134,661</u>
61,968		582,827	4,142,660
		(589,821)	(4,112,660)
<u>1,997,245</u>			<u>1,997,245</u>
<u>2,059,213</u>		<u>(6,994)</u>	<u>2,027,245</u>
2,458,530	(15,589)	486,990	3,161,906
<u>5,401,748</u>	<u>592,264</u>	<u>3,164,318</u>	<u>31,221,598</u>
<u>\$7,860,278</u>	<u>\$576,675</u>	<u>\$3,651,308</u>	<u>\$34,383,504</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, 2018

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 \$3,161,906

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

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay expenditures are therefore added back to fund balance	4,255,567
Other non-capitalized expenditures are deducted from fund balance	(228,566)
Depreciation expense is deducted from the fund balance	(5,494,753)
Loss on disposal of capital asset is deducted from fund balance	(1,974,914)

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	480,000
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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	(98,448)
Net OPEB liabilities and related deferred inflows and outflows	20,833

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$124,107</u>
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See accompanying notes to financial statements

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

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, 2018

	<u>Recreation Programs</u>
ASSETS	
Current Assets:	
Cash and investments (Note 3):	\$940,446
Accounts receivable	158,910
Interest receivable	829
Prepaid items (Note 1J)	<u>17,827</u>
Total Assets	<u>1,118,012</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued liabilities	55,091
Refundable deposits	24,733
Accrued compensated absences - Due within one year (Note 1G):	7,292
Unearned revenue	<u>414,902</u>
Total current liabilities	<u>502,018</u>
Non-Current Liabilities:	
Accrued compensated absences - Due in more than one year (Note 1G):	<u>29,169</u>
Total liabilities	<u>531,187</u>
NET POSITION (Note 10)	
Unrestricted	<u>586,825</u>
Total Net Position	<u><u>\$586,825</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, 2018

	<u>Recreation Programs</u>
OPERATING REVENUES	
Recreation fees	\$1,213,852
Building rentals	<u>136,453</u>
Total Operating Revenues	<u>1,350,305</u>
OPERATING EXPENSES	
Personnel services	584,553
Contractual services	547,804
Printing and supplies	76,701
Capital outlay	<u>3,492</u>
Total Operating Expenses	<u>1,212,550</u>
Operating Income	<u>137,755</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>1,418</u>
Total Nonoperating Revenues (Expenses)	<u>1,418</u>
Income Before Capital Contributions and Transfers	139,173
Transfers (out) (Note 4A)	<u>(30,000)</u>
Change in Net Position	109,173
BEGINNING NET POSITION	<u>477,652</u>
ENDING NET POSITION	<u><u>\$586,825</u></u>

See accompanying notes to financial statements

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

	<u>Recreation Programs</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$1,377,659
Payments to suppliers	(600,049)
Payments to employees	<u>(576,778)</u>
Cash Flows from (used for) Operating Activities	<u>200,832</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Due from other funds	127,122
Transfers (out)	<u>(30,000)</u>
Cash Flows from (used for) Noncapital Financing Activities	<u>97,122</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>699</u>
Cash Flows from Investing Activities	<u>699</u>
Net Cash Flows	298,653
Cash and investments at beginning of period	<u>641,793</u>
Cash and investments at end of period	<u><u>\$940,446</u></u>
Reconciliation of Operating Income to Cash Flows from Operating Activities:	
Operating income	\$137,755
Change in assets and liabilities:	
Receivables, net	(19,150)
Prepaid items	(4,553)
Accounts payable and other accrued expenses	24,528
Accrued compensated absences	7,775
Refundable deposits	3,420
Unearned revenue	<u>51,057</u>
Cash Flows from (used for) Operating Activities	<u><u>\$200,832</u></u>

See accompanying notes to financial statements

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

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, 2018

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)		\$1,217,630
Restricted cash and investments held by fiscal agents (Note 3)	\$2,053,780	
Receivables:		
Accounts		231,711
Interest		1,380
Other assets		500
Total Assets	\$2,053,780	\$1,451,221
LIABILITIES		
Accounts payable		\$608,455
Compensated absences		7,690
Interest payable	\$670,677	
Due to members/agency		835,076
Loan payable to the City's General Fund (Note 5)	6,230,102	
Loan payable to the Housing Successor Agency (Note 5)	196,768	
Loan payable to the Parking Fund (Note 5)	820,123	
Long-term debt - due in less than one year	960,000	
Long-term debt - due in more than one year	34,927,106	
Total Liabilities	43,804,776	\$1,451,221
NET POSITION		
Held in trust for private purposes	(41,750,996)	
Total Net Position	(\$41,750,996)	

See accompanying notes to financial statements

CITY OF LAFAYETTE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Private Purpose Trust Fund
ADDITIONS	
Property taxes	\$2,844,539
Use of money and property	12,136
Total Additions	2,856,675
DEDUCTIONS	
Contractual services	76,696
Interest expense and fiscal charges	1,610,175
Total Deductions	1,686,871
CHANGE IN NET POSITION	1,169,804
NET POSITION, BEGINNING OF YEAR	(42,920,800)
NET POSITION, END OF YEAR	(\$41,750,996)

See accompanying notes to financial statements

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CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City's current population is estimated to be 25,655. 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PARKING PROGRAMS FUND

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

PUBLIC FACILITIES FUND

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

STREETS AND SIGNALS FUND

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

CAPITAL PROJECTS FUND

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

DEBT SERVICE FUND

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

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

Fiduciary Funds Financial Statements – 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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

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

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

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

E. Capital Assets

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual cost is unavailable, except for donated capital assets which are recorded at acquisition value at the date of donation. Estimated historical cost was used to value the majority of the assets for which cost was not available.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1968) have been valued at estimated historical cost.

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

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

Type	Useful Life (years)
Land, easements, and right of way	N/A
Land improvements	20
Building and improvements	50
Infrastructure	15 – 65
Equipment and furniture	3 – 15
Book collection	20

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

F. Property Taxes

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

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balance as of June 30, 2017	\$658,622	\$28,686	\$687,308
Additions	437,999	24,618	462,617
Payments	(339,551)	(16,843)	(356,394)
Ending Balance	<u>\$757,070</u>	<u>\$36,461</u>	<u>\$793,531</u>
Current Portion	<u>\$151,414</u>	<u>\$7,292</u>	<u>\$158,706</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fair Value Hierarchy

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

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

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

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

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

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.

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.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING (Continued)

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

B. Expenditures in Excess of Appropriations

The 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	Expenditures Over Appropriation
General Fund	
Planning	\$51,025
Administration	222,360
Debt Service	1,290
Parking Programs Fund	
Parking Services	83,494
Public Facilities Fund	
Public Works	2,260

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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.

B. Classification

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

<i>Statement of Net Position</i>	<i>Amount</i>
Cash and investments	\$13,367,860
Restricted cash and investments	14,227,959
Total cash and investments in primary government	27,595,819
<i>Statements of Fiduciary Net Position</i>	
Restricted Cash and investments	
Private Purpose Trust Funds	2,053,780
Cash and investments:	
Agency Funds	1,217,630
Total Cash and investments	\$30,867,229

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

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 Deposits	5 years	N/A	100%	100%
Joint Powers Authority	N/A	N/A	100%	100%
California Local Agency Investment Fund	N/A	N/A	100%	100%

*As of date of purchase

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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 acceptances	1 year	A1
Prefunded Municipal Obligations	N/A	Aaa
FDIC insured deposit	N/A	N/A
Investment Agreements	N/A	Aa2

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

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, 2018

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	\$5,000,345			\$5,000,345
CalTrust	5,744,875			5,744,875
Federal Agencies	1,988,237			1,988,237
Corporate Notes		\$1,030,958	\$492,134	1,523,092
General Obligation Bonds			775,944	775,944
Money Market Mutual Funds	2,133,461			2,133,461
Certificates of Deposit	2,743,896	1,490,737	7,275,543	11,510,176
Total Investments	\$17,610,814	\$2,521,695	\$8,543,621	28,676,130
Cash in banks and on hand				2,191,099
Total Cash and Investments				\$30,867,229

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
Federal Agencies				\$1,988,237	\$1,988,237
Corporate Notes	\$1,027,900	\$495,192			1,523,092
General Obligation Bonds			\$775,944		775,944
Money Market Mutual Funds				2,133,461	2,133,461
Totals	\$1,027,900	\$495,192	\$775,944	\$4,121,698	6,420,734
Not Rated:					
Joint Investment Pools:					
Local Agency Investment Fund					5,000,345
CalTrust					5,744,875
Certificates of Deposit					11,510,176
Exempt from rating requirement:					
Cash in banks and on hand					2,191,099
Total Cash and Investments					\$30,867,229

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018.

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, 2018, these investments have an average maturity of 193 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, 2018, the City had shares in the CalTrust Medium-Term Fund, which held investments in an average maturity of 2.19 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, 2018

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

Investment Type	Level 2	Exempt	Total
California Local Agency Investment Fund		\$5,000,345	\$5,000,345
CalTrust	\$5,744,875		5,744,875
Federal Agencies	1,988,237		1,988,237
Corporate Notes	1,523,092		1,523,092
General Obligation Bonds	775,944		775,944
Certificates of Deposit	11,510,176		11,510,176
Money Market Mutual Fund		358,586	358,586
<i>Held by Trustees:</i>			
Money Market Mutual Fund		1,774,875	1,774,875
Total Investments	<u>\$21,542,324</u>	<u>\$7,133,806</u>	28,676,130
Cash in banks and on hand			<u>2,191,099</u>
Total Cash and investments			<u>\$30,867,229</u>

CalTrust classified in Level 2 is valued on the basis of the market value of such securities or, if market quotations are not readily available, at fair value under guidelines established by the CalTrust Trustees. Investments with short remaining maturities may be valued at amortized cost which CalTrust Board has determined to equal fair value. Fair value is defined as the quoted market value on the last trading day of the period. Federal Agencies, Corporate Notes, General Obligations and Certificates of Deposit classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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 2017-18 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
General Fund	Recreation Programs Enterprise Fund	\$25,000 (A)
Public Facilities Fund	General Fund	1,068,544 (A)
	Recreation Programs Enterprise Fund	5,000 (A)
Streets and Signals Fund	General Fund	1,809,500 (A)
	Non-Major Governmental Funds	589,821 (A)
Capital Projects Fund	General Fund	61,968 (A)
Non-Major Governmental Funds	General Fund	582,827 (A)
Total Interfund Transfers		<u>\$4,142,660</u>

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

B. Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2018, interfund balances comprised the following:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund		\$570,909
Parking Programs Fund	\$450,057	
Non-Major Special Revenue Funds:		
Road Maintenance Rehabilitation	53,401	
Stormwater Pollution	67,451	
	<u>\$570,909</u>	<u>\$570,909</u>

C. Internal Balances

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018, the total principal and accrued interest on this loan was \$6,230,102.

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, 2018, the amount of interest outstanding was \$279,622 bringing the total balance to \$820,123 This loan is an enforceable obligation.

On September 10, 2015, SB107 was amended to clarify many aspects of the dissolution of redevelopment agencies. Among these was language that "provides that sponsoring entity loans may be repaid at 3% interest rate calculated from the date of origination of the loan as approved by the redevelopment agency on quarterly basis, instead of the LAIF rate." Because of this change, the Oversight Board approved the loans to be decreased to be repaid at 3%. The City is waiting for Department of Finance to approve the change. Upon approval, the above loans balance will be recalculated.

B. *Low and Moderate Income Housing Fund*

The State of California's 2009 budget legislation included the taking of redevelopment funds in fiscal years 2010 and 2011 for the purpose of meeting its funding obligation to the Supplemental Education Revenue Augmentation Fund (SERAF). On February 22, 2010 the Redevelopment Agency Board of Directors authorized a loan from the Agency's Low and Moderate Income Housing Fund to the Agency's Operating Fund of \$1,115,757 in order to make the first of these payments. Faced with the dissolution of the Redevelopment Agency, on January 23, 2012, Council unanimously voted that the City assume the Redevelopment Agency's housing obligations. As a non-cash asset of the Redevelopment Agency's Low and Moderate Income Housing Fund, the loan was transferred to the City's Low and Moderate Income Housing Fund. No expected payment schedule exists and no interest accrues on this loan, which has been deemed an enforceable obligation. As of June 30, 2018, the outstanding balance is \$196,768.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 5 – LOAN RECEIVABLE FROM SUCCESSOR AGENCY

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.

NOTE 6 – CAPITAL ASSETS

The following table presents the capital assets activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions and depreciation	Retirements	Transfers	Balance June 30, 2018
Governmental Activities					
Capital assets not being depreciated:					
Land	\$15,752,339		(\$1,974,914)		\$13,777,425
Artwork (library)	458,149				458,149
Construction in progress	4,176,287	\$1,590,413		(\$4,176,288)	1,590,412
Total capital assets, not being depreciated	20,386,775	1,590,413	(1,974,914)	(4,176,288)	15,825,986
Depreciable capital assets:					
Improvements	5,338,479	283,644			5,622,123
Buildings	44,506,287	1,727,068		160,326	46,393,681
Infrastructure	124,570,060	307,532		4,015,962	128,893,554
Equipment	1,529,970	26,721	(5,285)		1,551,406
Vehicles	1,718,601	91,623	(105,012)		1,705,212
Book collection (Library)	1,091,940				1,091,940
Total capital assets, being depreciated	178,755,337	2,436,588	(110,297)	4,176,288	185,257,916
Accumulated depreciation:					
Improvements	(3,056,386)	(266,638)			(3,323,024)
Buildings	(6,073,290)	(910,292)			(6,983,582)
Infrastructure	(78,719,490)	(3,913,374)			(82,632,864)
Equipment	(966,581)	(146,729)	5,285		(1,108,025)
Vehicles	(1,221,170)	(203,123)	105,012		(1,319,281)
Book collection (Library)	(327,582)	(54,597)			(382,179)
Total accumulated depreciation	(90,364,499)	(5,494,753)	110,297		(95,748,955)
Depreciable capital assets, net	88,390,838	(3,058,165)		4,176,288	89,508,961
Governmental capital assets, net	\$108,777,613	(\$1,467,752)	(\$1,974,914)		\$105,334,947

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 6 – CAPITAL ASSETS (Continued)

A. Depreciation Allocation

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

Governmental Activities:

City council, Commissions and Community Support	\$10,440
Engineering	5,237,599
Police Services	226,933
Public Works	19,781
Total Governmental Activities	\$5,494,753

NOTE 7 – LONG-TERM LIABILITIES

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

A. Current Year Transactions and Balances

Governmental Activity Debt:	Original Issue Amount	Balance June 30, 2017	Retirements	Balance June 30, 2018	Amount due within one year
2011 General Obligation Refunding Bonds 2.85%, due 7/15/25	\$2,960,000	\$2,780,000	\$190,000	\$2,590,000	\$190,000
2016 General Obligation Refunding Bonds 2.00%, due 7/15/23	\$2,055,000	2,055,000	290,000	1,765,000	300,000
		\$4,835,000	\$480,000	\$4,355,000	\$490,000

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, 2018 the total principal and interest remaining to be paid on the bonds were \$2,590,000 and \$373,066, respectively.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES

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, 2018 the total principal and interest remaining to be paid on the bonds were \$1,765,000 and \$102,950, respectively.

D. Debt Service Requirements

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

For The Year Ending June 30	General Obligation Bonds	
	Principal	Interest
2019	\$490,000	\$103,408
2020	505,000	91,779
2021	510,000	79,886
2022	525,000	67,773
2023	535,000	55,345
2024-2026	1,790,000	77,825
Total payments due	<u>\$4,355,000</u>	<u>\$476,016</u>

NOTE 8 – PENSION PLAN

A. Employee Retirement Plans

Employee Retirement Contribution Plan

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

Salary-Based Contribution System

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8 – PENSION PLAN (Continued)

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 2018 was approximately \$4,169,379. Contributions to the Plan totaled \$601,088 by the City and \$198,239 by individuals during the year.

The following summarizes transactions in the Plan for the year ended June 30, 2018:

Balance as of June 30, 2017	\$11,671,804
Contributions:	
Employer	601,088
Employee	198,239
Other additions, net	28,051
Disbursements, net	(540,433)
Earnings and dividends	57,343
Appreciation, net	<u>1,079,489</u>
Balance as of June 30, 2018	<u>\$13,095,581</u>

Deferred Compensation Plan

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

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

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

The following summarizes transactions in the 457 plan for the year ended June 30, 2018:

Defined contribution retirement plan:	
Balance as of June 30, 2017	\$8,597,950
Contributions	418,826
Disbursements	(465,200)
Earnings	100,042
Appreciation	<u>701,684</u>
Balance as of June 30, 2018	<u>\$9,353,302</u>

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018, are summarized as follows:

	All Participants
Benefit Types	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 HAS

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

For the year ended June 30, 2018, 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, 2018, 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, 2017 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, 2017
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	Mortality rates vary by age and sex
Healthcare Trend	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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	100.0%	

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, 2018

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	Plan Fiduciary	Net OPEB
	Liability	Net Position	Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2016	\$497,222	\$228,819	\$268,403
Changes Recognized for the Measurement Period:			
Service Cost	22,972		22,972
Interest on the total OPEB liability	35,230		35,230
Employer Contribution		24,583	(24,583)
Employee Contribution			
Actual investment income		25,981	(25,981)
Administrative expenses		(133)	133
Benefit payments	(10,218)	(10,218)	
Net changes during July 1, 2016 to June 30, 2017	47,984	40,213	7,771
Balance at June 30, 2017 (Measurement Date)	\$545,206	\$269,032	\$276,174

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%	Valuation	Discount Rate +1%
(1 %)	Discount Rate	(1%)
\$350,891	\$276,174	\$213,789

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	1% Increase
	Trend Rates	
\$213,442	\$276,174	\$348,720

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018, the City recognized OPEB expense of \$20,833.

\$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, 2019.

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, 2018 the breakout of this calculation is reflected as follows:

Total Capital Assets at June 30, 2018:		\$105,334,947
Less: Related Debts at June 30, 2018		
Long-term debt	\$4,355,000	
Less: Portion of the Debt Attributable to the Unspent Proceeds	0	
Net Related Debt		(\$4,355,000)
Net Investment in Capital Assets		\$100,979,947

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

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

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

As of June 30, 2018 the breakout of restricted and unrestricted net position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$12,427,414	\$940,446	\$13,367,860
Restricted cash and investments	14,227,959		14,227,959
Accounts and interest receivable	3,326,231	159,739	3,485,970
Loans receivable from Successor Agency	7,246,993		7,246,993
Other assets and deferred outflows of resources	89,709	17,827	107,536
Total Assets and Deferred Outflows of Resources	37,318,306	1,118,012	38,436,318
Liabilities			
Accounts payable and accrued liabilities	2,230,041	55,091	2,285,132
Refundable deposits	644,553	24,733	669,286
Other liabilities	1,098,680	451,363	1,550,043
Total Liabilities	3,973,274	531,187	4,504,461
Net Position			
Restricted	4,337,875		4,337,875
Unrestricted	29,007,157	586,825	29,593,982
	\$33,345,032	\$586,825	\$33,931,857

B. Net Position Restatements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the City to make a prior period adjustment. As a result, the beginning net position of the Governmental Activities was restated and reduced by \$273,302. See Note 9 for additional information.

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

C. 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, 2018

NOTE 10 – NET POSITION AND FUND BALANCES (Continued)

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

Classifications	General Fund	Parking Programs Fund	Public Facilities Fund	Streets and Signals	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:								
Prepaid Items	\$14,474							\$14,474
Loans Receivable from Successor Agency	6,230,102	\$491					\$38	6,230,631
Total Nonspendable	6,244,576	491					38	6,245,105
Restricted:								
Public Art In Lieu Fees	7,018							7,018
CalRecycle Grant	17,737							17,737
PEG Access	132,479							132,479
In Lieu Tree Program	69,926							69,926
Drainage Impact Fees				\$170,568				170,568
Walkways Impact Fees				49,281				49,281
Traffic Impact fees				387,430				387,430
Parking		109,401						109,401
Public Safety							87,583	87,583
Low and Moderate Housing							1,538,269	1,538,269
Streets and roads							1,521,463	1,521,463
Assessment Districts							338,861	338,861
Debt Service						\$576,675		576,675
Total Restricted	227,160	109,401		607,279		576,675	3,486,176	5,006,691
Committed:								
Reserve Emergency Contingency	500,000							500,000
Youth Committee	20,196							20,196
Environmental Task Force	1,600							1,600
Bikeways Plan Update	14,000							14,000
Stormwater Pollution	350,000							350,000
BART Pathway Project	232,535							232,535
Public Art	75,000							75,000
Facility Maintenance	700,000		\$499,181					1,199,181
Vacation/Sick Liability	757,070							757,070
Senior Services Program	17,309							17,309
Senior Transportation							165,094	165,094
Traffic Calming	101,101							101,101
EMBUD Pathway	25,000			40,000				65,000
General Plan Revision 2020	100,000							100,000
PG&E Trees - Litigation Pending	474,805							474,805
Public Works Vehicle Replacement	60,000							60,000
Planning/Engineering Vehicle Replacement	28,001							28,001
Police Vehicle Replacement/Transition	88,395							88,395
Computer Replacements	10,951							10,951
OPEB Reserve	18,600							18,600
Other Capital Projects	235,000	292,534		904,315	\$7,860,278			9,292,127
Total Committed	3,809,563	292,534	499,181	944,315	7,860,278		165,094	13,570,965
Unassigned:								
General Fund	9,560,743							9,560,743
Total Unassigned	9,560,743							9,560,743
Total Fund Balances	\$19,842,042	\$402,426	\$499,181	\$1,551,594	\$7,860,278	\$576,675	\$3,651,308	\$34,383,504

CITY OF LAFAYETTE
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

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, 2018

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

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

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

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

NOTE 13 – COMMITMENT AND CONTINGENT LIABILITIES

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

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

NOTE 14 – RELATED PARTY TRANSACTION

In 1996, the City provided an incentive to the City Manager to reside within the City limits by taking a \$100,000 ownership share in the City Manager's principal residence. The City Manager's employment agreement includes a provision that transfers 1.08% of the house's value to the City Manager annually and the City Manager is responsible for applicable taxes and transaction costs for each equity transfer. As of June 30, 2018 the final transfer of equity had been made.

CITY OF LAFAYETTE
Required Supplemental Information
For the Year Ended June 30, 2018

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

Measurement Date	<u>6/30/17</u>
Total OPEB Liability (1)	
Service Cost	\$22,972
Interest	35,230
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Employer Contributions	(24,583)
Actual Investment Income	(25,981)
Administrative Expense	133
Benefit payments	
	<hr/>
Net change in total OPEB liability	7,771
Total OPEB liability - beginning	<hr/> 268,403
	<hr/>
Total OPEB liability - ending (a)	<hr/> <hr/> \$276,174
	<hr/>
Covered-employee payroll	<hr/> <hr/> \$4,169,379
	<hr/>
Total OPEB liability as a percentage of covered-employee payroll	6.62%

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

CITY OF LAFAYETTE Required Supplemental Information For the Year Ended June 30, 2018

SCHEDULE OF CONTRIBUTIONS

Defined Benefit Pension

Last 10 fiscal years*

Fiscal Year Ended June 30,	<u>2018</u>
Actuarially determined contribution	24,583
Contributions in relation to the actuarially determined contribution	<u>28,604</u>
Contribution deficiency (excess)	<u>(\$4,021)</u>
Covered-employee payroll	<u>\$4,169,379</u>
Contributions as a percentage of covered-employee payroll	0.69%

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	Mortality rates vary by age and sex
Pre-Retirement Turnover	Turnover rates usually vary 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, 2018

GENERAL FUND

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

PARKING PROGRAMS FUND

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

CITY OF LAFAYETTE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property	\$4,982,611	\$4,981,210	\$5,023,200	\$41,990
Sales	3,084,000	3,084,000	3,026,925	(57,075)
Other	6,202,608	6,499,835	6,312,837	(186,998)
Current service charges	1,325,855	1,325,355	1,065,127	(260,228)
Intergovernmental		457,755	498,963	41,208
Licenses and permits			613,379	613,379
Fines and forfeitures	100,000	100,000	82,748	(17,252)
Use of money and property	301,600	351,600	385,529	33,929
Miscellaneous	873,414	884,826	908,895	24,069
Total Revenues	16,870,088	17,684,581	17,917,603	233,022
EXPENDITURES:				
Current:				
City council, commissions, and community support	1,424,505	1,424,578	1,286,808	137,770
Police services	5,516,255	5,529,650	4,914,929	614,721
Public works	2,460,606	2,531,716	2,149,085	382,631
Library operations	968,043	979,456	754,086	225,370
Planning	809,904	779,203	830,228	(51,025)
Engineering	506,034	506,034	505,984	50
Administration	2,513,908	2,787,724	3,010,084	(222,360)
Capital outlay	745,250	665,048	608,264	56,784
Debt service:				
Interest and fiscal charges			1,290	(1,290)
Total Expenditures	14,944,505	15,203,409	14,060,758	1,142,651
EXCESS OF REVENUES OVER EXPENDITURES	1,925,583	2,481,172	3,856,845	1,375,673
OTHER FINANCING SOURCES (USES)				
Transfers in			25,000	25,000
Transfers (out)			(3,522,839)	(3,522,839)
Total other financing sources (uses)			(3,497,839)	(3,497,839)
NET CHANGE IN FUND BALANCE	\$1,925,583	\$2,481,172	359,006	(\$2,122,166)
Beginning fund balance			19,483,036	
Ending fund balance			\$19,842,042	

CITY OF LAFAYETTE
PARKING PROGRAMS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$295,000	\$295,000	\$356,907	\$61,907
Licenses and permits	29,600	29,600	35,063	5,463
Fines, forfeitures and penalties	160,000	160,000	140,837	(19,163)
Use of money and property	25,291	25,291	25,440	149
Miscellaneous			242	242
Total Revenues	<u>509,891</u>	<u>509,891</u>	<u>558,489</u>	<u>48,598</u>
EXPENDITURES:				
Current:				
Parking services	261,631	262,767	346,261	(83,494)
Capital outlay	269,000	285,817	202,323	83,494
Total Expenditures	<u>530,631</u>	<u>548,584</u>	<u>548,584</u>	
EXCESS OF REVENUES OVER EXPENDITURES	<u>(20,740)</u>	<u>(38,693)</u>	<u>9,905</u>	<u>48,598</u>
NET CHANGE IN FUND BALANCE	<u>(\$20,740)</u>	<u>(\$38,693)</u>	<u>9,905</u>	<u>\$48,598</u>
Beginning fund balance			<u>392,521</u>	
Ending fund balance			<u>\$402,426</u>	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2018

PUBLIC FACILITIES FUND

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

STREETS AND SIGNALS FUND

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

CAPITAL PROJECTS FUNDS

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

DEBT SERVICE FUND

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

CITY OF LAFAYETTE
PUBLIC FACILITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$250	\$250	\$1,426	\$1,176
Miscellaneous	49,998	49,998	6,831	(43,167)
Total Revenues	<u>50,248</u>	<u>50,248</u>	<u>8,257</u>	<u>(41,991)</u>
EXPENDITURES:				
Current:				
Public Works	2,300	2,300	4,560	(2,260)
Capital outlay	1,295,750	2,135,561	1,727,205	408,356
Total Expenditures	<u>1,298,050</u>	<u>2,137,861</u>	<u>1,731,765</u>	<u>406,096</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,247,802)</u>	<u>(2,087,613)</u>	<u>(1,723,508)</u>	<u>364,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,073,544	1,073,544	1,073,544	
Total other financing sources (uses)	<u>1,073,544</u>	<u>1,073,544</u>	<u>1,073,544</u>	
NET CHANGE IN FUND BALANCE	<u>(\$174,258)</u>	<u>(\$1,014,069)</u>	<u>(649,964)</u>	<u>\$364,105</u>
Beginning fund balance			<u>1,149,145</u>	
Ending fund balance			<u>\$499,181</u>	

CITY OF LAFAYETTE
STREETS AND SIGNALS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services		\$105,000	\$189,702	\$84,702
Intergovernmental	\$636,000	516,000	1,629	(514,371)
Use of money and property	2,400	2,400	5,696	3,296
Miscellaneous	246,000	26,000	162,743	136,743
Fines, forfeitures and penalties			30,000	30,000
Total Revenues	<u>884,400</u>	<u>649,400</u>	<u>389,770</u>	<u>(259,630)</u>
EXPENDITURES:				
Current:				
Administration	595,389	615,248	558,288	56,960
Capital outlay	2,500,611	4,200,862	1,717,775	2,483,087
Total Expenditures	<u>3,096,000</u>	<u>4,816,110</u>	<u>2,276,063</u>	<u>2,540,047</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(2,211,600)</u>	<u>(4,166,710)</u>	<u>(1,886,293)</u>	<u>2,280,417</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,840,322	3,860,523	2,399,321	(1,461,202)
Total other financing sources (uses)	<u>2,840,322</u>	<u>3,860,523</u>	<u>2,399,321</u>	<u>(1,461,202)</u>
NET CHANGE IN FUND BALANCE	<u>\$628,722</u>	<u>(\$306,187)</u>	513,028	<u>\$819,215</u>
Beginning fund balance			<u>1,038,566</u>	
Ending fund balance			<u>\$1,551,594</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$770,747	\$770,747	\$458,717	(\$312,030)
Use of money and property	7,000	7,000	13,143	6,143
Total Revenues	<u>777,747</u>	<u>777,747</u>	<u>471,860</u>	<u>(305,887)</u>
EXPENDITURES:				
Current:				
Public works	1,918,219	1,920,717	72,543	1,848,174
Total Expenditures	<u>1,918,219</u>	<u>1,920,717</u>	<u>72,543</u>	<u>1,848,174</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,140,472)</u>	<u>(1,142,970)</u>	<u>399,317</u>	<u>1,542,287</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	63,220	61,968	61,968	
Proceeds from sale of capital assets			1,997,245	1,997,245
Total other financing sources (uses)	<u>63,220</u>	<u>61,968</u>	<u>2,059,213</u>	<u>1,997,245</u>
NET CHANGE IN FUND BALANCE	<u>(\$1,077,252)</u>	<u>(\$1,081,002)</u>	<u>2,458,530</u>	<u>\$3,539,532</u>
Beginning fund balance			<u>5,401,748</u>	
Ending fund balance			<u>\$7,860,278</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$670,000	\$670,000	\$581,206	(\$88,794)
Use of money and property			308	308
Total Revenues	670,000	670,000	581,514	(88,486)
EXPENDITURES:				
Current:				
Debt service:				
Principal retirement	510,000	480,000	480,000	
Interest and fiscal charges	218,667	248,667	117,103	131,564
Total Expenditures	728,667	728,667	597,103	131,564
EXCESS OF REVENUES OVER EXPENDITURES		(58,667)	(15,589)	43,078
NET CHANGE IN FUND BALANCE		(\$58,667)	(15,589)	\$43,078
Beginning fund balance			592,264	
Ending fund balance			\$576,675	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2018

OTHER GOVERNMENTAL FUNDS

The City maintains the following Other Governmental Funds:

Special Revenue Funds

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

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

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

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, 2018

SPECIAL REVENUE FUNDS

	<u>Vehicle Abatement</u>	<u>Senior Transportation</u>	<u>Low and Moderate Income Housing</u>	<u>Road Maintenance and Rehabilitation</u>	<u>Gas Tax</u>
ASSETS					
Cash and investments		\$156,748	\$895		
Restricted cash and investments	\$43,511		1,339,484		\$497,053
Accounts receivable		10,651		\$53,409	
Interest receivable	38	160	1,122	60	19
Prepaid items		38			
Loans receivable from Successor Agency			196,768		
Total Assets	<u>\$43,549</u>	<u>\$167,597</u>	<u>\$1,538,269</u>	<u>\$53,469</u>	<u>\$497,072</u>
LIABILITIES					
Accounts payable and accrued liabilities		\$2,459			
Due to other funds				\$53,401	
Unearned revenue		6			
Total Liabilities		<u>2,465</u>		<u>53,401</u>	
FUND BALANCES					
Committed		165,094			
Nonspendable		38			
Restricted	\$43,549		\$1,538,269	68	497,072
Total Fund Balances (Deficits)	<u>43,549</u>	<u>165,132</u>	<u>1,538,269</u>	<u>68</u>	<u>497,072</u>
Total Liabilities and Fund Balances	<u>\$43,549</u>	<u>\$167,597</u>	<u>\$1,538,269</u>	<u>\$53,469</u>	<u>\$497,072</u>

SPECIAL REVENUE FUNDS

Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
		Street Lighting	Core Area Maintenance	Stormwater Pollution	
					\$157,643
\$533,738	\$43,883	\$171,161	\$94,516		2,723,346
506,835				\$176,854	747,749
	151	147	212	35	1,944
					38
					196,768
<u>\$1,040,573</u>	<u>\$44,034</u>	<u>\$171,308</u>	<u>\$94,728</u>	<u>\$176,889</u>	<u>\$3,827,488</u>
		\$1,191	\$26,649	\$8,773	\$39,072
\$16,250				67,451	120,852
					16,256
<u>16,250</u>		<u>1,191</u>	<u>26,649</u>	<u>76,224</u>	<u>176,180</u>
					165,094
					38
<u>1,024,323</u>	<u>\$44,034</u>	<u>170,117</u>	<u>68,079</u>	<u>100,665</u>	<u>3,486,176</u>
<u>1,024,323</u>	<u>44,034</u>	<u>170,117</u>	<u>68,079</u>	<u>100,665</u>	<u>3,651,308</u>
<u>\$1,040,573</u>	<u>\$44,034</u>	<u>\$171,308</u>	<u>\$94,728</u>	<u>\$176,889</u>	<u>\$3,827,488</u>

CITY OF LAFAYETTE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

SPECIAL REVENUE FUNDS					
	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing	Road Maintenance and Rehabilitation	Gas Tax
REVENUES					
Property taxes					
Other taxes				\$147,655	\$541,701
Charges for services		\$18,046			
Intergovernmental		15,873			
Fines, forfeitures and penalties	\$11,794				
Use of money and property	67	302	\$2,017	68	373
Miscellaneous		8,136	35,521		
Total Revenues	11,861	42,357	37,538	147,723	542,074
EXPENDITURES					
Current:					
Police services	6,816				
Public works					
Senior transportation		132,348			
Engineering					
Total Expenditures	6,816	132,348			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,045	(89,991)	37,538	147,723	542,074
OTHER FINANCING SOURCES (USES)					
Transfers in		40,000			
Transfers (out)				(147,655)	(403,166)
Total Other Financing Sources (Uses)		40,000		(147,655)	(403,166)
NET CHANGE IN FUND BALANCES	5,045	(49,991)	37,538	68	138,908
BEGINNING FUND BALANCES	38,504	215,123	\$1,500,731		358,164
ENDING FUND BALANCES	\$43,549	\$165,132	\$1,538,269	\$68	\$497,072

SPECIAL REVENUE FUNDS

Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total
		Street Lighting	Core Area Maintenance	Stormwater Pollution	
\$532,972		\$21,478	\$226,438	\$428,510	\$676,426
	\$139,416				1,222,328
					18,046
					155,289
					11,794
37	294	282	424	103	3,967
			750	829	45,236
<u>533,009</u>	<u>139,710</u>	<u>21,760</u>	<u>227,612</u>	<u>429,442</u>	<u>2,133,086</u>
	547,428				554,244
		14,297	379,701	462,564	856,562
95,948					132,348
					95,948
<u>95,948</u>	<u>547,428</u>	<u>14,297</u>	<u>379,701</u>	<u>462,564</u>	<u>1,639,102</u>
437,061	(407,718)	7,463	(152,089)	(33,122)	493,984
	367,658		175,169		582,827
(39,000)					(589,821)
<u>(39,000)</u>	<u>367,658</u>		<u>175,169</u>		<u>(6,994)</u>
398,061	(40,060)	7,463	23,080	(33,122)	486,990
626,262	84,094	162,654	44,999	133,787	3,164,318
<u>\$1,024,323</u>	<u>\$44,034</u>	<u>\$170,117</u>	<u>\$68,079</u>	<u>\$100,665</u>	<u>\$3,651,308</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, 2018

	VEHICLE ABATEMENT			SENIOR TRANSPORTATION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes						
Charges for services	\$12,000		(\$12,000)	\$19,500	\$18,046	(\$1,454)
Intergovernmental					15,873	15,873
Licenses and permits						
Fines, forfeitures and penalties		\$11,794	11,794			
Use of money and property	30	67	37		302	302
Miscellaneous				97,618	8,136	(89,482)
Total Revenues	12,030	11,861	(169)	117,118	42,357	(74,761)
EXPENDITURES						
Current:						
Police services	8,842	6,816	2,026			
Parking services						
Public works						
Senior transportation				179,501	132,348	47,153
Engineering						
Total Expenditures	8,842	6,816	2,026	179,501	132,348	47,153
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,188	5,045	1,857	(62,383)	(89,991)	(27,608)
OTHER FINANCING SOURCES (USES)						
Transfers in				40,000	40,000	
Transfers out						
Total Other Financing Sources (Uses)				40,000	40,000	
NET CHANGE IN FUND BALANCES	\$3,188	5,045	\$1,857	(\$22,383)	(49,991)	(\$27,608)
BEGINNING FUND BALANCES (DEFICITS)		38,504			215,123	
ENDING FUND BALANCES (DEFICITS)		\$43,549			\$165,132	

LOW AND MODERATE INCOME HOUSING			ROAD MAINTENANCE AND REHABILITATION			GAS TAX		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
				\$147,655	\$147,655	\$549,365	\$541,701	(\$7,664)
	\$2,017	\$2,017		68	68	1,500	373	(1,127)
	<u>35,521</u>	<u>35,521</u>						
	<u>37,538</u>	<u>37,538</u>		<u>147,723</u>	<u>147,723</u>	<u>550,865</u>	<u>542,074</u>	<u>(8,791)</u>
	<u>37,538</u>	<u>37,538</u>		<u>147,723</u>	<u>147,723</u>	<u>550,865</u>	<u>542,074</u>	<u>(8,791)</u>
				(147,655)	(147,655)	(1,244,368)	(403,166)	841,202
				(147,655)	(147,655)	(1,244,368)	(403,166)	841,202
	<u>37,538</u>	<u>\$37,538</u>		<u>68</u>	<u>\$68</u>	<u>(\$693,503)</u>	138,908	<u>\$832,411</u>
	<u>1,500,731</u>						<u>358,164</u>	
	<u>\$1,538,269</u>			<u>\$68</u>			<u>\$497,072</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, 2018

	MEASURE J RETURN TO SOURCE			SUPPLEMENTAL LAW ENFORCEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Property taxes						
Other taxes	\$456,950	\$532,972	\$76,022			
Charges for services						
Intergovernmental				\$115,000	\$139,416	\$24,416
Licenses and permits						
Fines, forfeitures and penalties						
Use of money and property		37	37		294	294
Miscellaneous						
Total Revenues	456,950	533,009	76,059	115,000	139,710	24,710
EXPENDITURES						
Current:						
Police services				547,428	547,428	
Parking services						
Public works						
Senior transportation						
Engineering	93,283	95,948	(2,665)			
Total Expenditures	93,283	95,948	(2,665)	547,428	547,428	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	363,667	437,061	73,394	(432,428)	(407,718)	24,710
OTHER FINANCING SOURCES (USES)						
Transfers in				367,658	367,658	
Transfers out	(804,000)	(39,000)	765,000			
Total Other Financing Sources (Uses)	(804,000)	(39,000)	765,000	367,658	367,658	
NET CHANGE IN FUND BALANCES	(\$440,333)	398,061	\$838,394	(\$64,770)	(40,060)	\$24,710
BEGINNING FUND BALANCES (DEFICITS)		626,262			84,094	
ENDING FUND BALANCES (DEFICITS)		\$1,024,323			\$44,034	

ASSESSMENT DISTRICTS

STREET LIGHTING			CORE AREA MAINTENANCE			STORMWATER POLLUTION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$21,162	\$21,478	\$316	\$225,000	\$226,438	\$1,438	\$324,184	\$428,510	\$104,326
140	282	142	500	424	(76)	202	103	(99)
				750	750	43,067	829	(42,238)
21,302	21,760	458	225,500	227,612	2,112	367,453	429,442	61,989
26,263	14,297	11,966	456,172	379,701	76,471	487,391	462,564	24,827
26,263	14,297	11,966	456,172	379,701	76,471	487,391	462,564	24,827
(4,961)	7,463	12,424	(230,672)	(152,089)	78,583	(119,938)	(33,122)	86,816
			246,030	175,169	(70,861)			
			246,030	175,169	(70,861)			
<u>(\$4,961)</u>	7,463	<u>\$12,424</u>	<u>\$15,358</u>	23,080	<u>\$7,722</u>	<u>(\$119,938)</u>	(33,122)	<u>\$86,816</u>
	162,654			44,999			133,787	
	<u>\$170,117</u>			<u>\$68,079</u>			<u>\$100,665</u>	

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CITY OF LAFAYETTE
Supplementary Information
For the Year Ended June 30, 2018

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, 2018

	Redevelopment Agency	Redevelopment Debt Service	Total
ASSETS			
Restricted cash and investments	\$277,056	\$1,776,724	\$2,053,780
Total Assets	\$277,056	\$1,776,724	\$2,053,780
LIABILITIES			
Interest payable		\$670,677	\$670,677
Loans payable to the City's General Fund	\$6,230,102		6,230,102
Loans payable to the Housing Successor Agency Fund	196,768		196,768
Loans payable to the Parking Programs Fund	820,123		820,123
Long-term debt - due in less than one year		960,000	960,000
Long-term debt - due in more than one year		34,927,106	34,927,106
Total Liabilities	7,246,993	36,557,783	43,804,776
NET POSITION			
Held in trust for private purpose	(\$6,969,937)	(\$34,781,059)	(\$41,750,996)

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, 2018

	Redevelopment Agency	Redevelopment Debt Service	Total
ADDITIONS			
Property taxes	\$2,844,539		\$2,844,539
Use of money and property		\$12,136	12,136
Total Additions	2,844,539	12,136	2,856,675
DEDUCTIONS			
Administration	76,696		76,696
Interest expense and fiscal charges	112,520	1,497,655	1,610,175
Total Deductions	189,216	1,497,655	1,686,871
OTHER FINANCING SOURCES (USES):			
Transfers in		2,871,000	2,871,000
Transfers (out)	(2,871,000)		(2,871,000)
Total Other Financing Sources (Uses)	(2,871,000)	2,871,000	
Change in Net Position	(215,677)	1,385,481	1,169,804
BEGINNING NET POSITION (DEFICITS)	(6,754,260)	(36,166,540)	(42,920,800)
ENDING NET POSITION (DEFICITS)	(\$6,969,937)	(\$34,781,059)	(\$41,750,996)

CITY OF LAFAYETTE
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Lamorinda Fee and Financing Authority				
ASSETS				
Cash and investments	\$194,341	\$334,142	\$194,341	\$334,142
Receivables:				
Accounts	15,052	85,545	15,052	85,545
Interest	28	270	28	270
Total Assets	<u>\$209,421</u>	<u>\$419,957</u>	<u>\$209,421</u>	<u>\$419,957</u>
LIABILITIES				
Accounts payable	\$7,632		\$7,632	
Due to members	201,789	\$419,957	201,789	\$419,957
Total Liabilities	<u>\$209,421</u>	<u>\$419,957</u>	<u>\$209,421</u>	<u>\$419,957</u>
Lamorinda School Bus Transportation Agency				
ASSETS				
Cash and investments	\$575,896	\$883,488	\$575,896	\$883,488
Receivables:				
Accounts	410,895	146,166	410,895	146,166
Interest	166	1,110	166	1,110
Other assets	500	500	500	500
Total Assets	<u>\$987,457</u>	<u>\$1,031,264</u>	<u>\$987,457</u>	<u>\$1,031,264</u>
LIABILITIES				
Accounts payable	\$286,360	\$608,455	\$286,360	\$608,455
Compensated absences	11,895	7,690	11,895	7,690
Unearned revenue	137,959		137,959	
Due to members/agency	551,243	415,119	551,243	415,119
Total Liabilities	<u>\$987,457</u>	<u>\$1,031,264</u>	<u>\$987,457</u>	<u>\$1,031,264</u>
All Agency Funds				
ASSETS				
Cash and investments	\$770,237	\$1,217,630	\$770,237	\$1,217,630
Receivables:				
Accounts	425,947	231,711	425,947	231,711
Interest	194	1,380	194	1,380
Other assets	500	500	500	500
Total Assets	<u>\$1,196,878</u>	<u>\$1,451,221</u>	<u>\$1,196,878</u>	<u>\$1,451,221</u>
LIABILITIES				
Accounts payable	\$293,992	\$608,455	\$293,992	\$608,455
Compensated absences	11,895	7,690	11,895	7,690
Unearned revenue	137,959		137,959	
Due to members	753,032	835,076	753,032	835,076
Total Liabilities	<u>\$1,196,878</u>	<u>\$1,451,221</u>	<u>\$1,196,878</u>	<u>\$1,451,221</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	Taxes
2009	2,008,121	149,609	1,472,741	13,732,903
2010	2,025,983	149,609	1,356,377	13,599,384
2011	2,296,083	149,609	365,208	13,746,982
2012	2,724,526	149,609	2,231,839	13,489,083
2013	4,500,112	100,000	848,918	10,944,451
2014	3,609,626	179,938	533,050	11,590,265
2015	4,643,362	751,836	893,741	12,411,033
2016	4,415,302	907,697	619,102	13,948,404
2017	4,294,281	992,416	2,217,522	13,582,314
2018	4,340,132	771,828	466,273	13,803,131

Source: City of Lafayette Finance Department.

General Revenues

<u>Motor Vehicle In Lieu</u>	<u>Unrestricted Investment Earnings</u>	<u>Other</u>	<u>Transfers In</u>	<u>Total</u>
2,036,467	1,222,093	645,715	20,000	\$21,287,649
2,089,830	698,747	815,830	20,000	\$20,755,760
2,149,290	660,086	1,305,381	25,000	\$20,697,639
2,035,206	590,727	958,823	30,000	\$22,209,813
2,058,283	157,127	1,547,216	30,000	\$20,186,107
2,176,084	149,827	1,963,638	30,000	\$20,232,428
2,343,990	212,167	493,248	30,000	\$21,779,377
2,523,771	269,718	255,721	30,000	\$22,969,715
2,706,631	352,494	952,764	55,000	\$25,153,422
2,863,491	407,827	758,202	30,000	\$23,440,884

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

Fiscal Year	City Council, Commissions & Community Support	Administration* ***	Police Services	Public Works
2009	1,087,322	3,457,033	3,880,430	2,342,472
2010	1,055,156	3,407,361	3,850,434	2,300,946
2011	1,051,368	3,012,061	3,879,299	2,394,348
2012	1,156,123	2,660,629	3,917,326	2,250,034
2013	1,187,756	3,411,836	4,020,045	3,332,889
2014	1,262,843	3,815,040	3,987,257	2,475,665
2015 ***	1,207,205	2,064,648	5,272,182	2,053,516
2016	1,358,648	2,352,606	5,321,731	2,238,759
2017	1,336,345	2,842,683	5,455,796	3,148,160
2018	1,287,941	3,116,141	5,693,891	3,330,799

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
3,187,402	1,447,089	2,632,165	3,240,664	924,163	\$22,198,740
3,334,599	2,770,095	3,067,390	855,004	950,791	\$21,591,776
4,166,614	1,710,675	3,150,305	1,122,154	983,652	\$21,470,476
3,412,239	1,969,349	2,101,477	771,003	963,224	\$19,201,404
3,790,761	1,103,616	284,950	932,134	988,395	\$19,052,382
4,649,195	841,799	271,508	1,093,381	1,064,898	\$19,461,586
0	6,691,105	252,475	1,297,309	1,224,490	\$20,062,930
0	6,907,346	230,625	1,389,465	1,288,899	\$21,088,079
0	6,982,011	169,164	1,314,639	1,200,758	\$22,449,556
0	7,180,549	115,911	1,241,240	1,212,550	\$23,179,022

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

Fiscal Year	Taxes	Parking	Intergovernmental	Charges for Services	Licenses and Permits
2009	15,178,772	214,306	1,622,350	883,947	0
2010	14,593,027	198,424	1,505,986	813,698	0
2011	15,186,756	296,088	514,817	925,951	0
2012	14,756,473	327,353	2,381,448	1,268,191	0
2013	13,473,632	226,092	948,918	1,247,703	0
2014	13,766,347	242,324	712,989	1,478,690	0
2015*	14,755,023	0	977,321	2,731,507	295,426
2016	15,847,961	0	761,625	2,594,541	351,820
2017	13,284,919	0	5,294,517	2,697,602	334,014
2018	13,979,431	0	3,519,372	2,088,499	648,442

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>
387,319	1,222,093	168,502	645,715	\$20,323,004
437,299	698,747	234,357	815,831	\$19,297,369
423,893	660,086	269,231	1,305,380	\$19,582,202
451,506	590,727	377,462	958,823	\$21,111,983
382,008	157,127	1,558,694	1,547,216	\$19,541,390
371,372	182,394	416,968	1,931,070	\$19,102,154
316,406	212,167	0	1,161,504	\$20,449,354
251,721	301,157	0	1,689,390	\$21,798,215
270,038	380,977	0	1,579,554	\$23,841,621
265,379	435,509	0	1,123,947	\$22,060,579

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

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales & Use</u>	<u>Transient Occupancy</u>	<u>Franchise</u>
2009	8,042,309 *	2,394,096	493,812	1,296,308
2010	7,372,494 *	2,261,525	413,796	1,538,647
2011	7,680,137 *	2,218,200	451,157	1,598,142
2012	6,763,452 *	2,561,057	522,777	1,609,145
2013	5,259,337	2,667,194	562,018	1,622,330
2014	5,102,514	2,756,952	630,576	1,664,512
2015	5,427,316	2,876,935	701,718	1,836,029
2016	5,722,675	3,193,914	745,707	2,165,762
2017	5,929,562	3,008,076	733,429	2,222,040
2018	6,280,832	3,026,925	732,816	2,382,933
Change 2009-2018	-21.9%	26.4%	48.4%	83.8%

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.

<u>Fiscal Year</u>	<u>Property</u>
2009	5,006,643
2010	4,250,197
2011	4,791,347
2012	4,746,448
2013	5,259,337
2014	5,102,514
2015	5,427,316
2016	5,722,675
2017	5,929,562
2018	6,280,832
Change 2009-2018	25.4%

<u>Property Transfer</u>	<u>Gas Tax</u>	<u>Road Maintenance & Rehabilitation</u>	<u>Measure J</u>	<u>Total Revenues</u>
155,934	404,980	0	354,866	\$13,142,305
177,851	401,734	0	337,150	\$12,503,197
170,178	578,865	0	340,787	\$13,037,466
207,002	690,985	0	366,849	\$12,721,267
237,799	580,172	0	486,499	\$11,415,349
292,045	744,128	0	399,536	\$11,590,263
349,633	703,594	0	515,808	\$12,411,033
333,647	553,383	0	609,103	\$13,324,191
379,208	484,029	0	528,575	\$13,284,919
333,597	541,701	147,655	532,972	\$13,979,431
113.9%	33.8%	NA	50.2%	6.4%

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

<u>Fiscal Year</u>	<u>Council, Commissions, & Community Support</u>	<u>Police Services</u>	<u>Public Works</u>	<u>Planning & Engineering</u>	<u>Administration</u>
2009	1,087,322	3,837,921	2,329,401	1,439,204	3,400,568
2010	1,055,156	3,825,308	2,289,105	2,770,095	3,371,846
2011	1,051,368	3,837,772	2,367,914	1,710,675	2,967,272
2012	1,156,123	3,865,518	2,221,207	1,969,349	2,587,138
2013	1,187,756	3,973,124	3,312,392	1,103,616	3,398,415
2014	1,262,843	3,945,555	2,462,591	831,314	3,815,664
2015 *	1,198,457	5,056,410	2,210,055	1,871,739	2,070,041
2016	1,339,477	5,110,272	2,876,882	1,889,844	2,327,342
2017	1,346,360	5,232,949	2,982,644	1,918,701	2,789,757
2018	1,286,808	5,469,173	3,082,750	1,990,448	3,010,084
Change 2009-2018	18.3%	42.5%	32.3%	38.3%	-11.5%

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>
17,363,838	2,898,962	3,130,247	110,417	\$35,597,880
14,260,968	3,715,617	751,333	103,672	\$32,143,100
8,559,572	3,844,398	1,050,903	71,251	\$25,461,125
3,847,573	3,320,059	735,352	35,651	\$19,737,970
2,999,602	798,914	748,289	183,845	\$17,705,953
5,838,737	731,525	798,936	181,460	\$19,868,625
4,898,679	732,338	1,297,314	0	\$19,335,033
3,737,470	730,168	1,384,181	0	\$19,395,636
9,016,524	3,632,235	1,309,925	0	\$28,229,095
4,255,567	598,393	1,232,695	0	\$20,925,918
-75.5%	-79.4%	-60.6%	-100.0%	-41.2%

CITY OF LAFAYETTE

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2009	2010	2011	2012
Governmental activities:				
Invested in capital assets	\$ 57,240,735	\$ 68,757,999	\$ 54,267,231	\$ 98,939,504
Restricted	5,587,771	(7,125,956)	13,502,081	16,571,443
Unrestricted	20,237,499	20,581,243	13,564,352	10,809,260
Total governmental activities net position	<u>83,066,005</u>	<u>82,213,286</u>	<u>81,333,664</u>	<u>126,320,207</u>
Business-type activities:				
Unrestricted	89,035	85,738	167,522	242,128
Total business-type activities net position	<u>89,035</u>	<u>85,738</u>	<u>167,522</u>	<u>242,128</u>
Primary government:				
Invested in capital assets	57,240,735	68,757,999	54,267,231	98,939,504
Restricted	5,587,771	(7,125,956)	13,502,081	16,571,443
Unrestricted	20,326,534	20,666,981	13,731,874	11,051,388
Total primary government net position	<u>\$ 83,155,040</u>	<u>\$ 82,299,024</u>	<u>\$ 81,501,186</u>	<u>\$ 126,562,335</u>

Fiscal Year Ended June 30.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 98,560,464	\$ 99,272,004	\$ 99,751,041	\$ 99,141,344	\$ 103,942,613	\$ 100,979,947
19,381,805	21,379,235	7,255,961	7,932,301	4,149,103	4,337,875
9,414,443	6,680,700	23,081,608	24,796,206	26,382,458	29,007,157
<u>127,356,712</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>309,576</u>	<u>315,532</u>	<u>361,531</u>	<u>432,688</u>	<u>477,652</u>	<u>586,825</u>
<u>309,576</u>	<u>315,532</u>	<u>361,531</u>	<u>432,688</u>	<u>477,652</u>	<u>586,825</u>
98,560,464	99,272,004	99,751,041	99,141,344	103,942,613	100,979,947
19,381,805	21,379,235	7,255,961	7,932,301	4,149,103	4,337,875
9,724,019	6,996,232	23,443,139	25,228,894	26,860,110	29,593,982
<u>\$ 127,666,288</u>	<u>\$ 127,647,471</u>	<u>\$ 130,450,141</u>	<u>\$ 132,302,539</u>	<u>\$ 134,951,826</u>	<u>\$ 134,911,804</u>

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

	Fiscal year ended June 30,				
	2009	2010	2011	2012	2013
Expenses:					
Governmental activities:					
Council, commissions & community support	\$ 1,087,322	\$ 1,055,156	\$ 1,051,368	\$ 1,156,123	\$ 1,187,756
Administration	3,457,033	3,407,361	3,012,061	2,660,629	3,411,836
Police services	3,880,430	3,850,434	3,879,299	3,917,326	4,020,045
Public works	2,342,472	2,300,946	2,394,348	2,250,034	3,332,889
Infrastructure - depreciation	3,187,402	3,334,599	4,166,614	3,412,239	3,790,761
Planning & engineering	1,447,089	2,770,095	1,710,675	1,969,349	1,103,616
Interest & debt charges	2,632,165	3,067,390	3,150,305	2,101,477	284,950
Other	3,240,664	855,004	1,122,154	771,003	932,134
Total governmental activities expenses	21,274,577	20,640,985	20,486,824	18,238,180	18,063,987
Business-type activities:					
Recreation Programs	924,163	950,791	983,652	963,224	988,395
Total business-type activities expenses	924,163	950,791	983,652	963,224	988,395
Total primary government expenses	\$ 22,198,740	\$ 21,591,776	\$ 21,470,476	\$ 19,201,404	\$ 19,052,382
Program revenues:					
Governmental activities:					
Charges for services:					
Council, commissions & community support	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	-	-	-	-	-
Police services	52,200	47,254	37,441	34,857	630,325
Public works	-	-	-	-	-
Infrastructure - depreciation	-	-	-	-	-
Planning & engineering	1,011,276	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	149,609	100,000
Capital grants and contributions	1,472,741	1,356,377	365,208	2,231,839	848,918
Total governmental activities program revenues	2,685,826	2,564,475	1,720,464	4,038,144	4,363,415
Business-type activities:					
Charges for services:					
Recreation programs	944,645	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	944,645	967,494	1,090,436	1,067,830	1,085,615

Fiscal year ended June 30,

	2014	2015	2016	2017	2018
\$	1,262,843	\$ 1,207,205	\$ 1,358,648	\$ 1,336,345	\$ 1,287,941
	3,815,040	2,064,648	2,352,606	2,842,683	3,116,141
	3,987,257	5,272,182	5,321,731	5,455,796	5,693,891
	2,475,665	2,053,516	2,238,759	3,148,160	3,330,799
	4,649,195	0	0	0	0
	841,799	6,691,105	6,907,346	6,982,011	7,180,549
	271,508	252,475	230,625	169,164	115,911
	1,093,381	1,297,309	1,389,465	1,314,639	1,241,240
	<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>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>1,064,898</u>	<u>1,224,490</u>	<u>1,288,899</u>	<u>1,200,758</u>	<u>1,212,550</u>
\$	<u>19,461,586</u>	<u>\$ 20,062,930</u>	<u>\$ 21,088,079</u>	<u>\$ 22,449,556</u>	<u>\$ 23,179,022</u>

\$	-	\$ -	\$ -	\$ -	\$ -
	-	14,648	18,118	18,722	20,704
	637,454	154,260	129,316	101,073	106,127
	-	84,729	84,173	92,998	87,899
	-	0	0	0	0
	1,871,901	2,593,636	2,329,312	2,210,929	2,208,041
	-	-	-	-	-
	-	496,066	465,089	570,258	567,056
	179,938	751,836	907,697	992,416	771,828
	533,050	893,741	619,102	2,217,522	466,273
	<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>
	1,100,271	1,300,023	1,389,294	1,300,301	1,350,305
	-	-	-	-	-
	<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>

CITY OF LAFAYETTE

CHANGES IN NET POSITION, Continued

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal year ended June 30,				
	2009	2010	2011	2012	2013
Net revenues (expenses)					
Governmental activities:	\$ (18,588,751)	\$ (18,076,510)	\$ (18,766,360)	\$ (14,200,036)	\$ (13,700,572)
Business-type activities:	20,482	16,703	106,784	104,606	97,220
Total primary government net expense	<u>\$ (18,568,269)</u>	<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	\$ 8,042,309	\$ 7,843,392	\$ 7,680,137	\$ 6,763,452	\$ 4,788,439
Sales tax	2,748,962	2,598,675	2,558,987	2,927,906	3,153,693
Franchise tax	1,296,308	1,538,647	1,598,142	1,609,145	1,622,330
Transient occupancy tax	493,812	413,796	451,157	522,777	562,018
Vehicle code fines	376,292	426,865	413,428	440,463	N/A
Motor vehicle in lieu tax	2,036,467	2,089,830	2,149,290	2,035,206	2,058,283
Highway users tax	404,980	401,734	578,865	690,985	580,172
Transfer tax	155,934	177,851	170,178	207,002	237,799
Parking revenues	214,306	198,424	296,088	327,353	N/A
Investment income	1,222,093	698,747	660,086	590,727	157,127
Other	645,715	815,830	1,305,380	958,823	1,547,216
Transfers in	20,000	20,000	25,000	30,000	30,000
Total governmental activities	<u>17,657,178</u>	<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 At	0	0	0	42,082,740	0
Business-type activities:					
Investment income	0	0	0	0	228
Transfers in	(20,000)	(20,000)	(25,000)	(30,000)	(30,000)
Total business-type activities	<u>(20,000)</u>	<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:	(931,573)	(852,719)	(879,622)	44,986,543	1,036,505
Business-type activities:	482	(3,297)	81,784	74,606	67,448
Total primary government	<u>\$ (931,091)</u>	<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
\$	(15,174,345)	\$ (13,849,524)	\$ (15,246,373)	\$ (15,044,880)	\$ (17,738,544)
	35,373	75,533	100,395	99,543	137,755
\$	<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>
\$	5,102,515	\$ 5,427,316	\$ 6,346,889	\$ 6,226,957	\$ 6,280,834
	3,156,488	3,392,743	3,803,017	3,536,651	3,559,897
	1,664,512	1,836,029	2,165,761	2,222,040	2,382,933
	630,576	701,718	745,707	733,429	732,816
	N/A	0	0	0	0
	2,176,084	2,343,990	2,523,771	2,706,631	2,863,491
	744,129	703,594	553,383	484,029	513,054
	292,045	349,633	333,647	379,208	333,597
	N/A	0	0	0	0
	149,827	212,167	269,718	352,494	407,827
	1,963,638	493,248	255,721	952,764	758,202
	30,000	30,000	30,000	55,000	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>
	0	0	0	0	0
	583	466	762	421	1,418
	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(55,000)</u>	<u>(30,000)</u>
	<u>(29,417)</u>	<u>(29,534)</u>	<u>(29,238)</u>	<u>(54,579)</u>	<u>(28,582)</u>
	735,469	1,640,914	1,781,241	2,604,323	124,107
	5,956	45,999	71,157	44,964	109,173
\$	<u>741,425</u>	<u>\$ 1,686,913</u>	<u>\$ 1,852,398</u>	<u>\$ 2,649,287</u>	<u>\$ 233,280</u>

CITY OF LAFAYETTE

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
General fund:					
Nonspendable	\$ -	\$ -	\$ -	\$ 6,022,847	\$ 6,509,859
Restricted	-	-	-	-	42,880
Committed	-	-	-	1,509,476	690,944
Assigned	6,111,229	8,359,135	6,623,641	250,000	2,724,004
Unassigned	9,228,645	7,868,890	10,752,189	10,391,624	7,388,013
Total general fund	<u>\$ 15,339,874</u>	<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	5,721,378	(7,965,648)	(12,886,180)	4,308,582	4,602,990
Committed	-	-	-	4,105,569	7,440,055
Assigned	6,014,749	5,987,893	3,906,697	-	-
Unassigned	-	-	-	464,382	-
Total all other governmental funds	<u>\$ 11,736,127</u>	<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
\$ 6,073,032	\$ 6,086,362	\$ 6,154,010	\$ 6,163,882	\$ 6,244,576
6,280	23,110	143,431	299,472	227,160
3,191,939	3,117,955	2,797,600	3,497,362	3,809,563
-	-	-	-	-
6,804,724	8,267,328	9,766,041	9,522,320	9,560,743
<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>
\$ 2,211,773	\$ 1,209	\$ 1,000	\$ -	\$ 529
2,973,306	7,254,752	9,083,166	5,221,774	4,944,625
7,545,361	6,315,777	5,553,824	6,919,098	9,596,308
-	-	-	-	-
-	-	-	(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>

CITY OF LAFAYETTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

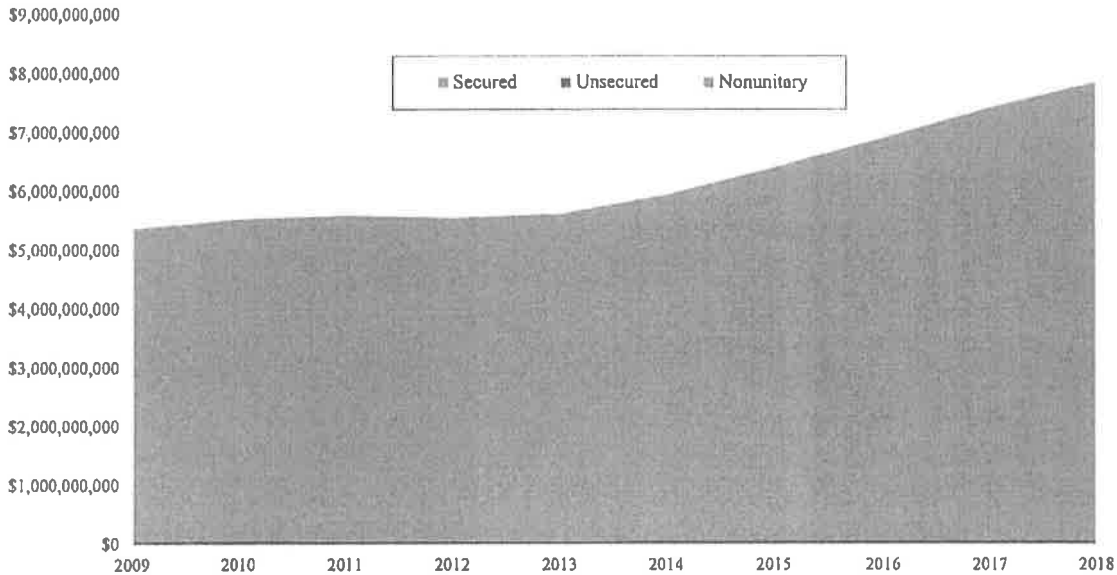
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Revenues:					
Taxes	\$ 15,178,772	\$ 14,593,027	\$ 15,186,756	\$ 14,756,473	\$ 13,473,632
Licenses and permits	0	0	0	0	0
Intergovernmental	1,622,350	1,505,986	514,817	2,381,448	948,918
Developer fees	168,502	234,357	269,231	377,462	1,558,694
Charges for services	883,947	813,698	925,951	1,268,191	1,247,703
Fines and forfeitures	387,319	437,299	423,893	451,506	382,008
Investment income	1,222,093	698,747	660,086	590,727	157,127
Parking	214,306	198,424	296,088	327,353	226,092
Miscellaneous	645,715	815,831	1,305,380	958,823	1,547,216
Total revenues	20,323,004	19,297,369	19,582,202	21,111,983	19,541,390
Expenditures					
Current:					
Council, commissions & community support	1,087,322	1,055,156	1,051,368	1,156,123	1,187,756
Police services	3,837,921	3,825,308	3,837,772	3,865,518	3,973,124
Public works	2,329,401	2,289,105	2,367,914	2,221,207	3,312,392
Planning & Engineering	1,439,204	2,770,095	1,710,675	1,969,349	1,103,616
Administration	3,400,568	3,371,846	2,967,272	2,587,138	3,398,415
Capital projects	17,363,838	14,260,968	8,559,572	3,847,573	2,999,602
Debt service					
Principal	530,000	665,000	710,000	780,000	495,000
Interest	2,368,962	3,050,617	3,134,398	2,540,059	303,914
Rent & other expenses	3,130,247	751,333	1,050,903	735,352	748,289
Insurance & claims	110,417	103,672	71,251	35,651	183,845
Total expenditures	35,597,880	32,143,100	25,461,125	19,737,970	17,705,953
Excess (deficiency) of revenues over (under) expenditures	(15,274,876)	(12,845,731)	(5,878,923)	1,374,013	1,835,437
Other financing sources (uses):					
Transfers in	5,421,247	4,678,918	6,246,283	4,291,955	4,378,465
Transfers out	(5,401,247)	(4,658,918)	(6,221,283)	(4,261,955)	(4,348,465)
Proceeds from sales of capital assets	-	-	-	-	-
Proceeds from bonds	9,600,000	-	-	-	-
Bond issuance costs	(456,319)	-	-	-	-
Total other financing sources (uses)	9,163,681	20,000	25,000	30,000	30,000
Net change in fund balances	\$ (6,111,195)	\$ (12,825,731)	\$ (5,853,923)	\$ 1,404,013	\$ 1,865,437
Debt service as a percentage of noncapital expenditures	16%	21%	23%	21%	5%

Fiscal Year Ended June 30,

2014	2015	2016	2017	2018
\$ 13,766,347	\$ 14,755,023	\$ 15,847,961	\$ 13,284,919	\$ 13,979,431
0	295,426	351,820	334,014	648,442
712,989	977,321	761,625	5,294,517	3,519,372
416,968	0	0	0	0
1,478,690	2,731,507	2,594,541	2,697,602	2,088,499
371,372	316,406	251,721	270,038	265,379
182,394	212,167	301,157	380,977	435,509
242,324	0	0	0	0
1,931,070	1,161,504	1,689,390	1,579,554	1,123,947
<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>
1,262,843	1,198,457	1,339,477	1,346,360	1,286,808
3,945,555	5,056,410	5,110,272	5,232,949	5,469,173
2,462,591	2,210,055	2,876,882	2,982,644	3,082,750
831,314	1,871,739	1,889,844	1,918,701	1,990,448
3,815,664	2,070,041	2,327,342	2,789,757	3,010,084
5,838,737	4,898,679	3,737,470	9,016,524	4,255,567
450,000	470,000	490,000	3,394,767	480,000
281,525	262,338	240,168	237,468	118,393
798,936	1,297,314	1,384,181	1,309,925	1,232,695
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>
(766,471)	1,114,321	2,402,579	(4,387,474)	1,134,661
5,384,641	3,628,519	3,827,512	5,739,444	4,142,660
(5,354,641)	(3,598,519)	(3,797,512)	(5,684,444)	(4,112,660)
-	-	-	-	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>\$ (736,471)</u>	<u>\$ 1,144,321</u>	<u>\$ 2,432,579</u>	<u>\$ (2,277,474)</u>	<u>\$ 3,161,906</u>
5%	5%	5%	19%	4%

**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
2009	5,364,553,364	53,566,252	1,419,775	\$5,419,539,391	0.15046
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

Source: Contra Costa County Assessor 2008/09 - 2017/18 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
2009	0.06663	0.02890	0.00900	0.00660	0.01000
2010	0.06662	0.02980	0.00570	0.01260	0.01080
2011	0.06662	0.03110	0.00310	0.01330	0.00840
2012	0.06662	0.03330	0.00410	0.01440	0.00710
2013	0.06662	0.03330	0.00430	0.00870	0.00510
2014	0.06662	0.03610	0.00750	0.01330	0.00780
2015	0.06662	0.03500	0.00450	0.02520	0.00850
2016	0.06662	0.03320	0.00260	0.02200	0.00670
2017	0.06662	0.03230	0.00800	0.01200	0.00320
2018	0.06662	0.03250	0.00840	0.01140	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***
0.03300	0.01930	0.02470	0.00000	0.13150	0.15046
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

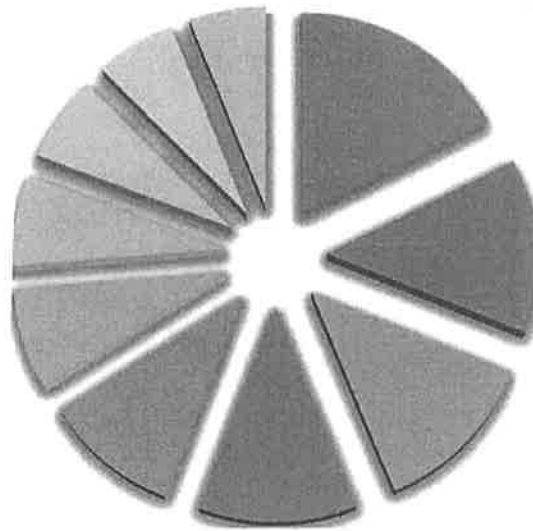
**CITY OF LAFAYETTE
 PRINCIPAL SALES TAX PRODUCERS
 FOR THE YEAR ENDED JUNE 30, 2018**

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

Source: MBIA Muni Services Company

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**CITY OF LAFAYETTE
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO
 JUNE 30, 2018**



- BRE Properties Inc
- SHI-III Lafayette LP
- Tilden-Lafayette LLC
- Cortese Properties LLC
- DPW Diablo LP
- Oakwood Athletic Club LLC
- Parikh Rupa
- Lafayette Park Hotel Associates
- Robert O and Renee K Little Trust
- Bay Glen I.P

2018

<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	\$51,787,088	1	0.65%
SHI-III Lafayette LP	Commercial	40,580,000	2	0.51%
Tilden-Lafayette LLC	Residential	37,600,000	3	0.48%
Cortese Properties LLC	Commercial	34,966,016	4	0.44%
DPW Diablo LP	Commercial	30,100,000	5	0.38%
Oakwood Athletic Club LLC	Miscellaneous	23,075,840	6	0.29%
Parikh Rupa	Residential	21,016,388	7	0.27%
Lafayette Park Hotel Associates	Commercial	19,993,112	8	0.25%
Robert O and Renee K Little Trust	Residential	18,723,425	9	0.24%
Bay Glen LP	Residential	17,963,472	10	0.23%
Total		\$295,805,341		3.74%

2017-2018 Assessed Valuation: \$7,907,454,488 **
 2008-2009 Assessed Valuation: \$5,419,539,391 **

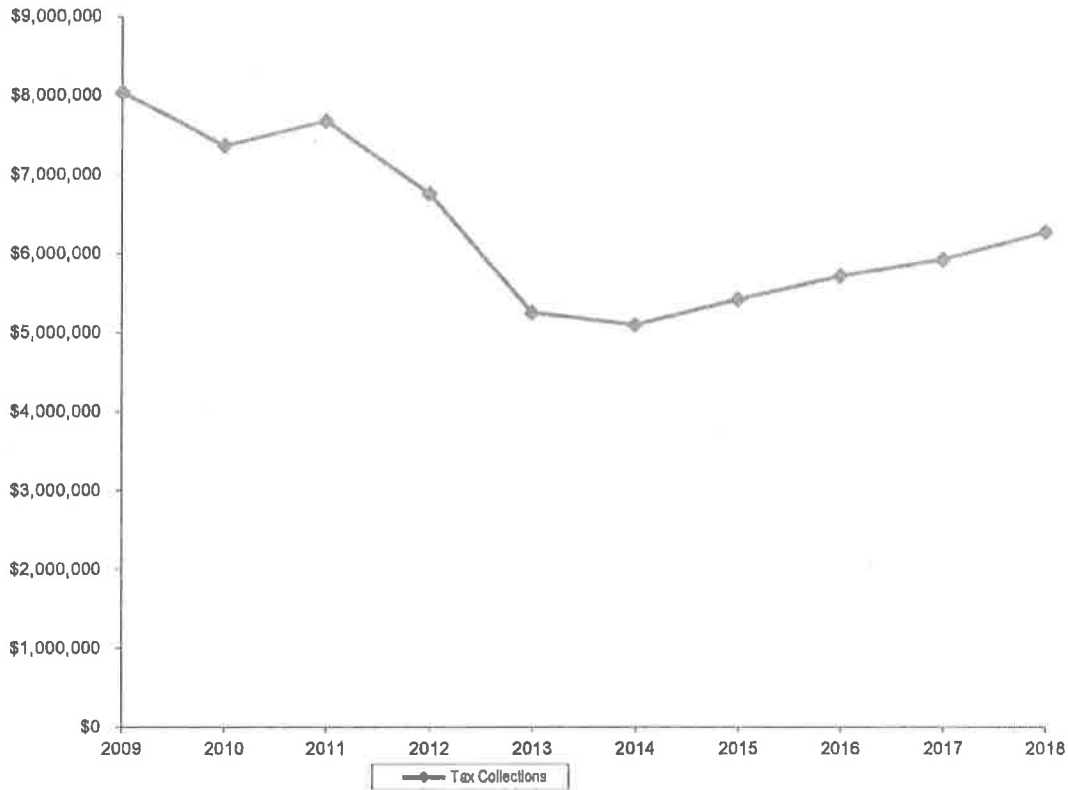
** Local Secured Assessed Valuation

Source: California Municipal Statistics, Inc.

2009

<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	\$30,745,292	1	0.57%
Oakwood Athletic Club LLC	Commercial	20,956,829	2	0.39%
Lafayette Park Hotel Associates	Commercial	19,320,520	3	0.36%
Realty Associates Fund VI LP	Commercial	16,689,045	4	0.31%
Bay Glen LP	Residential	15,871,957	5	0.29%
Desco Plaza I LLC	Commercial	12,650,000	6	0.23%
KMF Contra Costa LLC	Residential	12,265,348	7	0.23%
Gray Horse Investors	Commercial	11,576,806	8	0.21%
Joan E. Bruzzone Trust	Commercial	11,300,571	9	0.21%
Kenneth Harry Hofmann Trust	Residential	11,160,522	10	0.21%
		<u>\$162,536,890</u>		3.00%

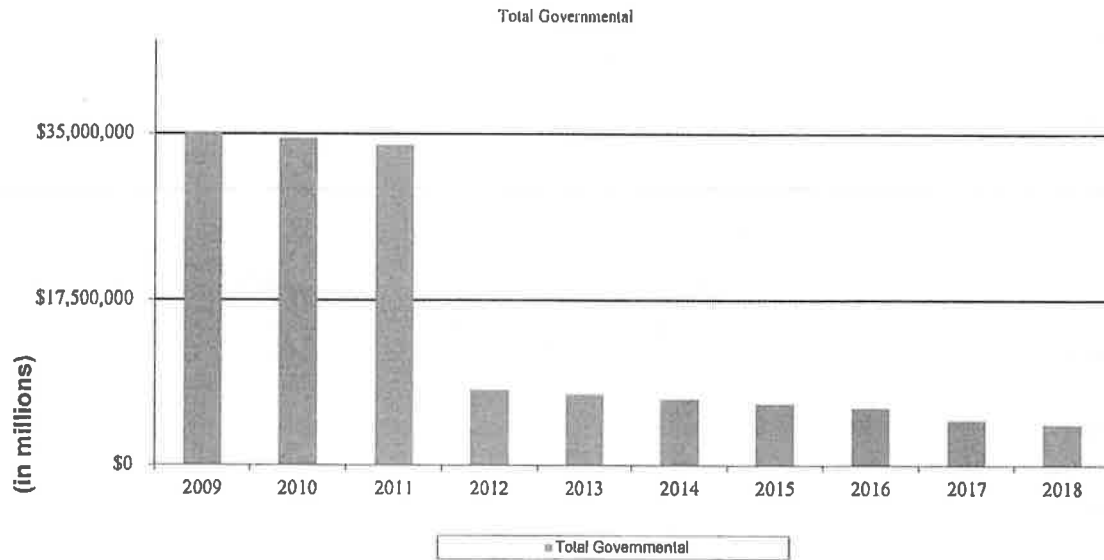
**CITY OF LAFAYETTE
PROPERTY TAX LEVIES & COLLECTIONS
LAST TEN FISCAL YEARS**



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
2009	\$8,042,309	\$8,042,309	100.00%	\$8,042,309	100.00%
2010	7,372,494	7,372,494	100.00%	7,372,494	100.00%
2011	7,680,137	7,680,137	100.00%	7,680,137	100.00%
2012	6,763,452	6,763,452	100.00%	6,763,452	100.00%
2013	5,259,337	5,259,337	100.00%	5,259,337	100.00%
2014	5,102,514	5,102,514	100.00%	5,102,514	100.00%
2015	5,427,316	5,427,316	100.00%	5,427,316	100.00%
2016	5,722,675	5,722,675	100.00%	5,722,675	100.00%
2017	5,929,562	5,929,562	100.00%	5,929,562	100.00%
2018	6,280,832	6,280,832	100.00%	6,280,832	100.00%

Source: Contra Costa County Assessor

CITY OF LAFAYETTE
RATIOS OF DEBT OUTSTANDING
LAST TEN FISCAL YEARS



Fiscal Year Ended June 30	Outstanding Debt			Percent of Assessed Value	Percent of Personal Income	Per Capita
	General Obligation Bonds	Tax Allocation Bonds *	Total			
	2009	\$8,885,000	\$26,345,000			
2010	8,530,000	26,035,000	\$34,565,000	0.6173%	2.3027%	\$1,434
2011	8,155,000	25,700,000	\$33,855,000	0.5989%	2.1437%	\$1,391
2012	8,025,000	-	\$8,025,000	0.1430%	0.5059%	\$332
2013	7,530,000	-	\$7,530,000	0.1327%	0.4746%	\$310
2014	7,080,000	-	\$7,080,000	0.1178%	0.4375%	\$287
2015	6,610,000	-	\$6,610,000	0.1021%	0.3998%	\$268
2016	6,120,000	-	\$6,120,000	0.0878%	0.3652%	\$246
2017	4,835,000	-	\$4,835,000	0.0647%	0.2659%	\$192
2018	4,355,000	-	\$4,355,000	0.0551%	0.2236%	\$170

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

6/30/2018

2017-18 Assessed Valuation (less incremental value): \$7,160,728,051

<u>DIRECT DEBT:</u>	<u>Total Debt</u> <u>6/30/2018</u>	<u>% Applicable (1)</u>	<u>City's Portion of</u> <u>Debt 6/30/18</u>
GO BONDS SERIES 2011 & 2016	\$4,355,000	100.000%	\$4,355,000
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Contra Costa County Pension Debt and Lease Revenue Bonds	\$505,238,250	7.097%	\$20,698,506
Contra Costa Fire District	65,250,000	8.930%	5,826,628
Acalanes Union High School District 1997, 2002, & 2008 Bonds	299,074,196	23.575%	70,505,440
Bay Area Rapid Transit District	347,167,424	4.097%	14,222,690
Contra Costa Community College District	538,665,000	4.112%	22,147,385
Pleasant Hill Recreation & Park Bond 2009	42,475,000	1.317%	559,396
East Bay Regional Park District	81,146,842	4.097%	3,324,409
Lafayette Elementary Bond 1995	68,775,000	89.795%	61,756,356
Orinda Elementary Bond	10,415,075	0.155%	16,143
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$199,056,953
 TOTAL DIRECT DEBT			\$4,355,000
TOTAL OVERLAPPING DEBT			\$199,056,953
 COMBINED TOTAL DEBT			\$203,411,953 (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).....	0.06%
Total Overlapping Tax and Assessment Debt.....	2.78%
 Combined Total Debt.....	 2.84%

Source: HdL, Coren & Cone

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CITY OF LAFAYETTE

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
Debt limit	\$203,232,727	\$209,965,799	\$211,974,416	\$210,444,124	\$212,831,365
Total net debt applicable to limit	8,885,000	8,530,000	8,155,000	8,025,000	7,530,000
Legal debt margin	\$194,347,727	\$201,435,799	\$203,819,416	\$202,419,124	\$205,301,365
Total net debt applicable to the limit as a percentage of debt limit	4.4%	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.

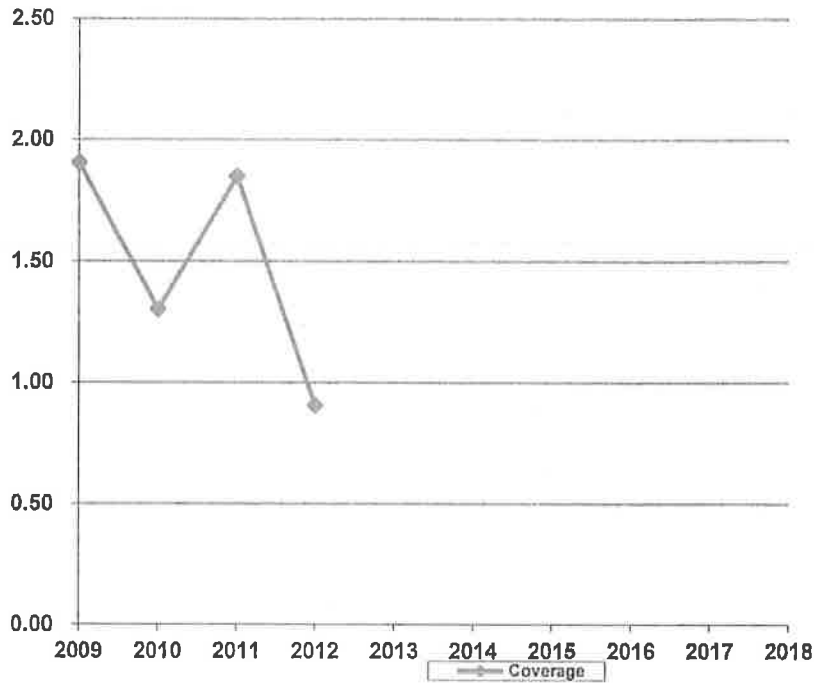
Source: City Finance Department

Fiscal Year Ended June 30,

2014	2015	2016	2017	2018
\$225,310,387	\$242,806,843	\$261,503,297	\$280,429,438	\$296,529,543
7,080,000	6,610,000	6,120,000	4,835,000	4,355,000
<u>\$218,230,387</u>	<u>\$236,196,843</u>	<u>\$255,383,297</u>	<u>\$275,594,438</u>	<u>\$292,174,543</u>
3.1%	2.7%	2.3%	1.7%	1.5%

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



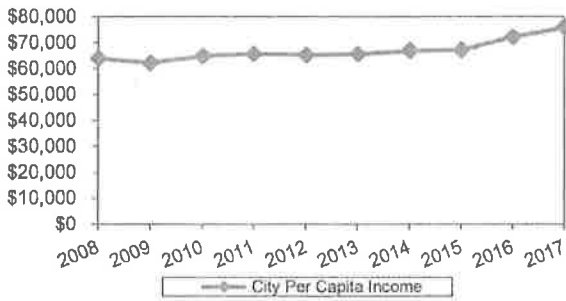
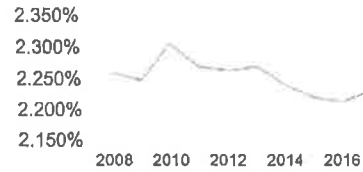
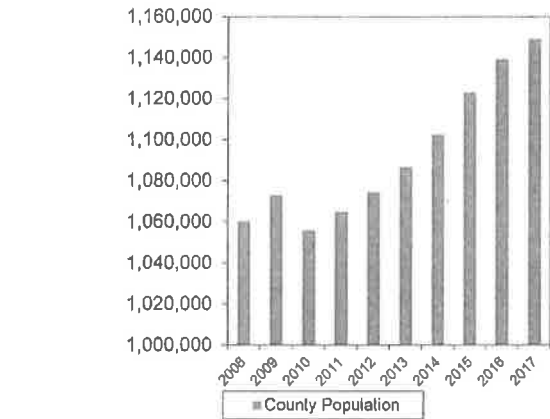
Fiscal Year Ended June 30	Tax Allocation Bonds			
	Tax Increment	Debt Service Principal *	Debt Service Interest *	Coverage
2009	\$2,186,914	\$190,000	\$957,803	1.91
2010	2,247,282	310,000	1,415,636	1.30
2011	3,216,617	335,000	1,403,939	1.85
2012	1,613,604	390,000	1,390,236	0.91
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-

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)
2008	23,945	0.5%	\$1,531,384	\$63,954
2009	24,106	0.7%	\$1,501,084	\$62,270
2010	24,342	1.0%	\$1,579,285	\$64,879
2011	24,159	-0.8%	\$1,586,352	\$65,663
2012	24,312	0.6%	\$1,586,674	\$65,263
2013	24,659	1.4%	\$1,618,173	\$65,622
2014	24,690	0.1%	\$1,653,193	\$66,958
2015	24,924	0.9%	\$1,676,007	\$67,244
2016	25,199	1.1%	\$1,818,417	\$72,162
2017	25,655	1.8%	\$1,947,374	\$75,906

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)
2.2%	1,060,435	*
3.8%	1,073,055	*
4.1%	1,056,064	*
3.8%	1,065,117	*
2.5%	1,074,702	*
2.2%	1,087,008	*
3.4%	1,102,871	*
2.7%	1,123,429	*
2.4%	1,139,513	*
2.4%	1,149,363	*

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

<u>Calendar Year</u>	<u>City of Lafayette Labor Force</u>	<u>Annual Average Unemployment Rates</u>		
		<u>City of Lafayette Unemployment Rates</u>	<u>County Unemployment Rates</u>	<u>State of California Unemployment Rates</u>
2008	*	2.2%	6.2%	7.3%
2009	*	3.8%	9.9%	11.2%
2010	11,200	4.1%	11.0%	12.2%
2011	11,300	3.8%	10.3%	11.7%
2012	11,500	2.5%	9.0%	10.4%
2013	11,700	2.2%	7.5%	8.9%
2014	11,900	3.4%	6.2%	7.5%
2015	12,100	2.7%	5.0%	6.2%
2016	12,300	2.4%	4.4%	5.4%
2017	12,100	2.4%	2.4%	4.8%

* Information was not available for 2008 and 2009

Source: State of California Employment Development Department

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

Employer	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lafayette School District *	480	3.97%	N/A	N/A
Whole Foods Market	190	1.57%	N/A	N/A
Lafayette Park Hotel & Spa **	170	1.40%	N/A	N/A
Oakwood Athletic Club ***	177	1.46%	N/A	N/A
Diablo Foods Inc. ***	150	1.24%	N/A	N/A
Acalanes High School *	122	1.01%	N/A	N/A
Safeway Stores	119	0.98%	N/A	N/A
PSR Westcoast Builders, Inc.	85	0.70%	N/A	N/A
Trader Joe's	85	0.70%	N/A	N/A
Bentley Upper School (9-12th)	78	0.64%	N/A	N/A
Total Top Employers	1,656	13.69%		
Total City Employment (1)	12,100			

* Includes classified, certificated and admin.

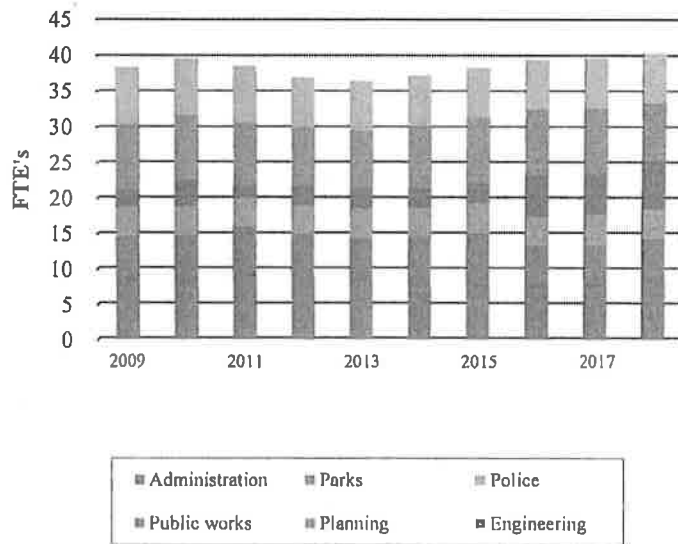
** Includes Park Bistro and Bar

*** Includes full and part time employees

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

Source: MuniServices, LLC

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



<u>Function/Program</u>	Full-Time Equivalent Employees as of June 30,									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administration	8.87	8.87	9.37	8.97	8.47	7.87	7.72	7.72	7.72	8.72
Parks	6.00	6.00	6.68	6.00	6.00	6.75	7.55	5.75	5.75	5.75
Police	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.20	4.00
Public works	2.50	3.75	2.00	3.00	3.00	3.00	3.00	6.00	6.00	7.00
Planning	9.00	9.00	8.50	8.00	8.00	8.60	9.00	9.00	9.00	8.00
Engineering	8.00	8.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Total	38.37	39.62	38.55	36.97	36.47	37.22	38.27	39.47	39.67	40.47

Source: Human Resources

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function/Program										
Police										
Total reports	*	*	*	*	*	*	1,526	1,798	1,652	1,561
Calls for service	*	*	*	*	15,760	16,519	16,049	18,580	18,506	19,312
% officer-initiated activity	*	*	*	*	*	*	37%	41%	42%	43%
Overall Part 1 crimes	*	*	*	*	441	496	404	548	441	339
# of residential burglaries	*	*	*	85	70	61	48	22	31	19
% of residential burglaries solved	*	*	*	*	*	*	33%	60%	53%	84%
Code Enforcement Incidents **	*	*	*	*	*	190	228	305	436	561
Public Works										
Work requests (outside normal service)	*	*	*	*	*	285	210	365	337	295
Abatement issues	*	*	*	*	*	53	32	54	3	11
Curb painting	*	*	*	*	*	18	8	21	4	6
Ditch cleaning	*	*	*	*	*	3	1	6	21	12
Litter removal	*	*	*	*	*	4	9	5	22	15
Sign installation, repair, replacement	*	*	*	*	*	61	53	98	75	69
Street repair	*	*	*	*	*	31	20	32	38	22
Tree/brush maintenance	*	*	*	*	*	6	9	20	23	11
Trimming vegetation	*	*	*	*	*	10	9	6	25	22
Engineering										
Encroachment permits	*	*	*	380	385	465	466	564	447	433
Recreation										
Class enrollments	7,871	8,595	9,236	8,643	9,953	11,714	9,794	12,423	15,081	18,803
Senior transportation- rides provided	2,154	2,399	2,979	3,104	3,878	3,979	4,316	4,237	3,813	3,201
Planning										
Total applications processed	248	239	251	232	265	287	279	288	347	295
Design Review Permits	40	24	26	22	26	22	30	23	35	18
General Pan Amendment	2	3	1	1	1	-	1	-	3	-
HDP/DR/GR (OTC)	75	72	97	73	95	117	83	91	93	114
Hillside Development Permits	48	45	33	39	35	38	41	52	57	34
Second Unit	8	7	5	4	5	3	2	6	13	14
Sign Permits	9	16	10	2	12	6	10	6	16	5
Tree Permits	16	15	28	32	32	35	45	43	55	49
Variance Permits	21	2	10	21	15	12	14	15	16	1

* 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Police</u>					
Patrol vehicles	*	*	*	*	*
ALPR Vehicles	*	*	*	*	*
Traffic motorcycles	*	*	*	*	*
Dual sport motorcycles	*	*	*	*	*
All terrain vehicles	*	*	*	*	*
Equipment trailers	*	*	*	*	*
Speed trailers	*	*	*	*	*
Parking vehicles	*	*	*	*	*
Drones	*	*	*	*	*
<u>Public works</u>					
Vehicles	*	*	*	*	*
Trailers	*	*	*	*	*
Streetlights	*	*	*	*	*
Traffic signals	*	*	*	*	*
Trellis lights	*	*	*	*	*
Landscape acreage	*	*	*	*	*
Trail miles	*	*	*	*	*
Pedestrian and advance warning signs	*	*	*	*	*
<u>Engineering</u>					
Vehicles	*	*	*	*	*
Streets (centerline miles)	*	*	*	*	*
<u>Recreation (incl. Sr. Transportation)</u>					
Vehicles	*	*	*	*	*
Parks acreage	*	*	*	*	*
<u>Planning</u>					
Vehicles	*	*	*	*	*

* No information available.

Source: Various City Departments

June 30,				
2014	2015	2016	2017	2018
*	17	20	19	18
*	*	*	2	2
*	3	3	3	5
*	2	2	2	2
*	*	1	1	1
*	4	4	4	4
*	2	2	2	2
*	4	3	3	3
*	*	*	1	1
*	10	11	9	10
*	*	*	1	1
*	458	458	476	476
*	24	24	26	26
*	60	60	60	60
*	7	7	7	7
*	10	10	10	10
*	*	16	18	18
*	7	6	5	5
*	93	93	93	93
*	3	3	2	1
*	80	80	80	80
*	3	3	3	2

CITY OF LAFAYETTE
MISCELLANEOUS STATISTICAL DATA
June 30, 2018

Year of Incorporation	1968
Form of Government	General Law
Population	25,655
Median Age	44.8
Median Household Income	\$157,061
Registered Voters	17,644
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	2
Police Protection:	
Number of Stations	1
Number of Contracted Sworn Personnel	17
Public Education:	
Elementary Schools	4
Middle Schools	1
High Schools	1
Libraries: (Contracted with Contra Costa County)	
Number of Libraries	1
Recreation and Culture:	
Park Sites	4
Park Acreage	80
Community Facilities:	
Lafayette Community Center	1

Source: Various City of Lafayette Department Records

