



**ANNUAL
COMPREHENSIVE
FINANCIAL
REPORT**

**CITY OF LAFAYETTE
CALIFORNIA**

**FOR
THE FISCAL YEAR ENDED
JUNE 30, 2023**

City of Lafayette, California

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Prepared by
The Administrative Services Department**

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City of Lafayette
Annual Comprehensive Financial Report
For the year ended June 30, 2023

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City Council

Carl Anduri, Mayor
Gina Dawson, Vice Mayor
Susan Candell, Council Member
Teresa Gerring, Council Member
Wei-Tai Kwok, Council Member

December 31, 2023

To: Lafayette City Council and Citizens
From: Tracy Robinson, Administrative Services Director
RE: Fiscal Year 2022-23 Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR) of the City of Lafayette for the fiscal year ending June 30, 2023, 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 fairly present 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 controls. Managers are almost always in a position to circumvent or override 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 and the existing organizational structure. The City is consistently looking for ways to augment such controls using current staffing, including but not limited to training, physical audits by management, segregation of duties and standardized documentation to the extent possible.

Badawi & Associates have issued an unmodified (“clean”) opinion on the City of Lafayette’s financial statements for the year ended June 30, 2023. The independent auditor’s report is included with this report.

The ACFR represents the culmination of all budgeting and accounting activities of the City during FY 2022-23. The Management Discussion and Analysis (MD&A), which is also included in this report provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION ABOUT THE CITY OF LAFAYETTE

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

The City’s population on 1/1/2023 as reported by the State of California Department of Finance was 25,004. 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, although the festival this year was cancelled due to Covid.

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 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 4 elementary schools and one middle school within the city boundary. The high school is in the Acalanes Unified High 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 March, the City Council meets to set the goals and priorities for the upcoming fiscal year.
- In March and April, the department heads prepare their preliminary budgets and incorporate requests from commissions and committees.
- At the end of April, each department head meets with the City Manager, Administrative Services Director and Assistant Administrative Services Director to review the budget requests.
- At the end of May, the Administrative Services Director presents the Proposed Budget to the Council Finance Subcommittee.
- At the first meeting in June, the Proposed Budget is introduced at a regular City Council meeting as a budget workshop.
- The budget and any changes made to it during the budget workshop are adopted by resolution at the next regularly scheduled City Council meeting and before the state required adoption date of June 30.
- 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 the first regularly scheduled meeting in January and adopts the Final Budget by resolution at the second meeting in January.

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

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

ORGANIZATIONAL STRUCTURE & COMPENSATION

The City employs 51.3 FTE regular employees as well as many temporary and seasonal employees. Most of the senior management team is experienced and long-tenured:

Niroop Srivatsa	City Manager	5 years*
Tracy Robinson	Administrative Services Director	23 years
Jonathan Katayanagi	Parks & Recreation Director	7 years
Mike Moran	Public Works & Engineering Director	9 years
Greg Wolff	Planning & Building Director	5 years*
Joanne Robbins	City Clerk	29 years
Jennifer Wakeman	Asst. Administrative Services Director	9 years
Ben Alldritt	Chief of Police, County (contract)	6 years
Mala Subramanian	City Attorney, BB&K (contract)	16 years

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

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

ECONOMIC CONDITION AND OUTLOOK

Local Economy

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

The residents are generally highly educated, with almost 75% having bachelor's degrees or higher and of this group, 45% having a masters, professional, or doctorate degree. The median annual household income is \$219,250, which compares to \$120,020 for the County and \$91,905 for the State. The median home value of owner-occupied homes is \$1.9M. Homeownership rates are also very high, at 73%, as compared to a state rate of 56%.

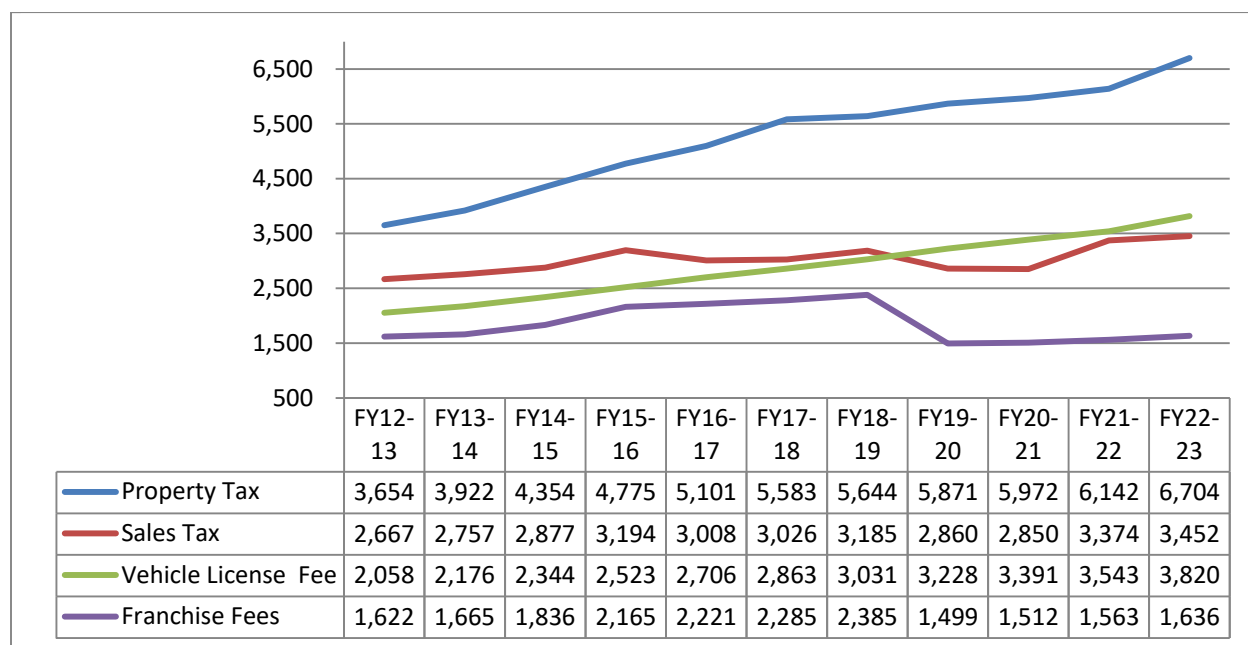
These factors generally bode well for Lafayette's major sources of revenue. However, when the County declared a protective "shelter in place" order in mid-March of 2020 due to Covid-19, Lafayette's sales tax revenue, like those of many other cities, decreased significantly, as did the transient occupancy tax (TOT).

In FY22-23 sales tax and TOT revenue both recovered more quickly than was expected, although with rising inflation and fears of recession, projections for sales tax for the next several years are not as robust as they were even a year ago. The City estimates that it will be able to maintain its 60% General Fund reserve target for at least the next fiscal year. Property tax remains the most

significant and stable source of Lafayette’s revenue and there is no indication that the Covid-related economic downturn affected it. Likewise, vehicle taxes, franchise fees from PG&E, cable companies and waste management were not impacted by the pandemic. The downturn in franchise fees, beginning in FY19-20, was due to direct allocation of the solid waste contract’s street impact mitigation fee for road repair and rehabilitation to the Streets and Signals Fund where previously they were received into the General Fund and then transferred to the Streets and Signals Fund.

Development has definitely slowed however, due to higher interest rates and more costly labor, although there a number of housing projects that were already underway that have either reached completion or are close. Additional housing includes a combination of single-family homes, multi-family condominiums, townhomes, and apartments, second units and assisted living facilities.

Major Revenue Trends (in \$000s)



Note that the decrease in Franchise Fees is due to moving approximately \$900K of Solid Waste franchise fee revenue for road rehabilitation directly to the Capital Improvement Fund starting in FY19-20.

Long Term Financial Planning & Major Initiatives

As of June 30, 2023, the City of Lafayette’s financial condition remains sound even after Covid-related revenue declines. By the end of FY22-23 operations were back to normal for the most part. 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 an unrestricted reserve. As of June 30, 2023, \$15.5M or 93% of the FY22-23 general fund operating expenditures is designated for this purpose. Given the economic downturn, that amount was expected to decrease however, it actually increased, due primarily to open positions and the deferral and

continuation of projects. In FY23-24, the reserve is expected to decrease to \$14.2M as projects are re-budgeted and staff are fully hired.

Lafayette was incorporated in 1968 as a limited-service City and has been able to keep expenses down and consistently balance their budgets for most of those years. However, in the current economic climate, the prices on everything from materials to labor continue to increase and the state continues to impose myriad unfunded mandates, so the City is facing the prospect that there will soon be ongoing structural deficits every year.

The Five-Year Budget Model shows a deficit of approximately 10% starting next fiscal year. This equates to about \$2M annually in ongoing expenses. It is also important to note that the forecast is based only on the current level of services; it does not provide for additional projects that are necessary to plan for increased housing and traffic, new amenities such as downtown parks, or any programs to reduce the risk of wildfire faced by our community.

Furthermore, the five-year budget does not include funds that are needed to repair and upgrade the City's aging facilities such as the Community Center and other under-funded and un-funded projects that have been discussed by the City Council and requested by residents. Even with an infusion of one-time money from the remaining ARPA funds to buy one an additional year of meeting the reserve target, it is not sustainable in the long run to have expenses exceed revenue. The only choices are to reduce expenses, increase revenue, or some combination of both.

During its June 26, 2023, meeting the Council asked City staff to review all City services, projects, and programs to identify which services would need to be cut to match expected revenues. To meet a 10% cut in expenditures City staff underwent an extensive budget review process and determined that -- as has been the City's long-running practice -- the City runs very lean for the amount and quality of services provided. The Fiscal Sustainability Subcommittee reviewed a list of potential reductions and recognized that making these cuts could have a considerable deleterious impact on the quality of life in Lafayette.

Over the next several months, the City will be conducting polls to test both the community's tolerance for budget cuts as well as its appetite for an increased sales tax. The Council and the community members will then continue to have important discussions with as many residents, community groups and city partners to find a solution that meets the community's needs.

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 pool, called the Local Agency Investment Fund (LAIF), and in the California Asset Management Program (CAMP), a pool established by a California Joint Powers Authority. However, due to the low interest rates returned by that fund, the City revised its portfolio allocations to take advantage of additional securities that boost earnings while still maintaining safety and liquidity. In addition to maintaining balances with LAIF and CAMP, the current portfolio is invested in laddered certificates of deposit, and select, highly-rated agency and corporate notes.

Additional reserves against the General Fund include various "sinking funds" for future operating costs such as vehicle replacements, vacation accruals, retiree healthcare, capital expenditures and other monies that have been earmarked for specific purposes by the Council. This allows the City to save money over time for significant capital acquisitions and, therefore, smooth the funding path. For example, the City started a sinking fund of \$100K per year to fund the General Plan Update, which began in 2020 and will cost approximately \$500K. As noted above, to maintain the City's 60% General Fund reserves in the face of the Covid-related revenue losses, the City suspended, for one year, some of those sinking fund contributions.

It is the Council's policy to adopt a balanced budget each year with conservative estimates of revenue and expenses. For FY22-23, the 5-year forecast uses revenue growth of 3% and expense growth of 3.3% 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, 2022. This was the eighth consecutive year that the City of Lafayette has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGEMENTS

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

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



Tracy Robinson, Administrative Services Director

CITY OF LAFAYETTE
CITY OFFICIALS AS OF JUNE 30, 2023

MAYOR

Carl Anduri

Term Expires November 2024

CITY COUNCIL

Gina Dawson, Vice Mayor
Term Expires November 2024

Wei-Tai Kwok, Council Member
Term Expires November 2024

Susan Candell, Council Member
Term Expires November 2026

Teresa Gerring, Council Member
Term Expires November 2026

CITY MANAGER

Niroop Srivatsa – 4.5 years of service*

**Note that while she is new to this position, she has both been employed by the City for more than 25 years.*

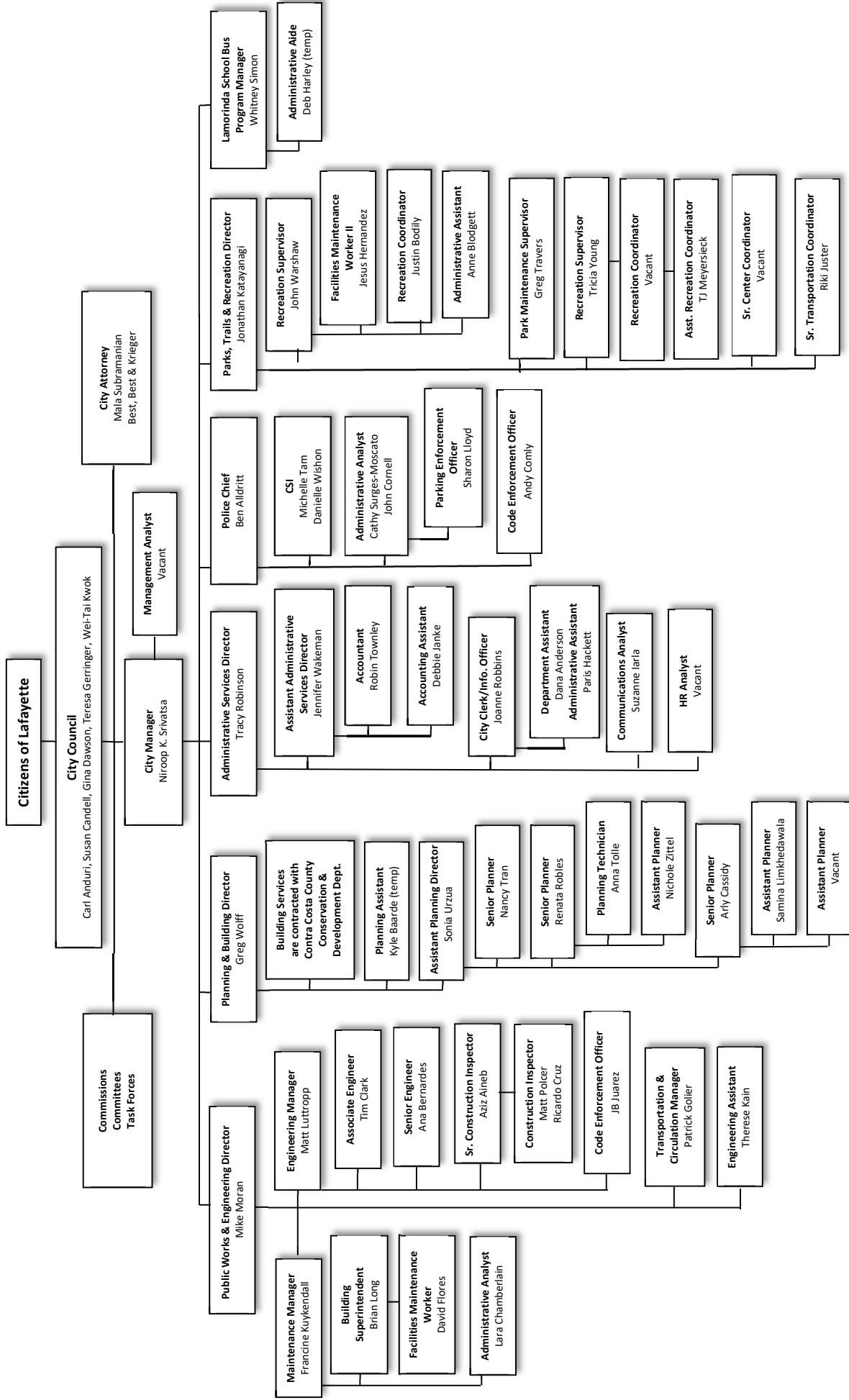
ADMINISTRATIVE SERVICES DIRECTOR

Tracy Robinson – 23 years of service

ASSISTANT ADMINISTRATIVE SERVICES DIRECTOR

Jennifer Wakeman – 9 years of service

City of Lafayette Organization Chart



City of Lafayette (925) 284-1968
 Planning Department (925) 284-1976
 Engineering Department (925) 284-1951
 Public Works Department (925) 934-3908
 Parks & Recreation (925) 284-2232
 Email: FirstInitialLastName@lovelafayette.org



City of Lafayette

Briones Regional Park

Walnut Creek

Orinda

Moraga





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Lafayette
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lafayette, California (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.⁵
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, general fund budgetary comparison schedule, and required other post-employment benefit (OPEB) information on pages 5-17 and 83-86 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other budgetary comparison schedules, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other budgetary comparison schedules, combining and individual nonmajor fund financial statements, and budgetary comparison schedules of nonmajor governmental funds are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other budgetary comparison schedules, combining and individual nonmajor fund financial statements, and budgetary comparison schedules of nonmajor governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

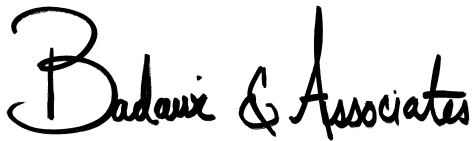
Other Information

Management is responsible for the other information. The other information comprises the introductory and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Honorable Mayor and Members of the City Council
of the City of Lafayette
Lafayette, California
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023 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 solely 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 the effectiveness of 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
December 29, 2023

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

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, 2023. To obtain a complete understanding of the City's financial condition, this document should be read in conjunction with the accompanying Transmittal Letter, Basic Financial Statements, and other information.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$141,429,804 (*net position*). Of this amount, \$30,923,622 represents unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors.
- At the close of the fiscal year, the City's total net position increased \$2,158,124 compared to the net position at the end of last fiscal year. The unrestricted portion of the City's net position decreased by \$3,096,311 compared to the unrestricted portion at the end of last fiscal year. Offsetting this decline were increases in net investments in capital assets and restricted net position, which increased by \$3,806,376 and \$1,448,059, respectively.
- The City's governmental funds reported a combined ending fund balance of \$35,603,969, a decrease of \$1,965,587 in comparison with the prior fiscal year fund balance. Approximately \$11.7 million (33%) of the 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 \$16,607,517, or approximately 80% 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 \$4,282,595.

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, 2023

The *statement of net position* presents financial information on all 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 23-25 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 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. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided that reconciles the governmental fund financial statements to the government-wide statements explaining the relationship (or differences) between them.

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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 streets and signals fund, the capital projects fund, and the debt service 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 General Fund (11), Library Operations (37), and Insurance (76).
- Streets & Signals Fund includes only Streets & Signals (14).
- Capital Projects Fund includes Parks Facilities (12), Public Facilities (16), Parkland Acquisition (17), City Offices (75), and Road and Drain Improvement (79).
- Debt Service Fund includes only General Obligation Bonds (78).
- Other Governmental Funds include Parking Programs (32), Vehicle Abatement (34), Senior Transportation (36), Low and Moderate Income Housing (38), Road Maintenance and Rehabilitation (69), Gas Tax (71), Measure J Return to Source (72), Supplemental Law Enforcement (73), Street Lighting (51), Core Area Maintenance (52), and Stormwater Pollution (53).

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget and can be found in the Required Supplementary Information section.

The basic governmental fund financial statements can be found on pages 30-36 of this report.

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

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 38-40 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
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The City maintains two types of fiduciary funds, a private purpose trust fund and a custodial 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 *custodial fund* is used to account for assets held by the City as an agent for other government agencies; in this case, the Lamorinda Fee and Financing Authority and the Lamorinda School Bus Transportation Agency.

The fiduciary fund financial statements can be found on pages 42-43 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 47-80 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, other information is presented in the form of certain required supplementary information concerning the City's budgetary comparison schedules for all major governmental funds and the City's progress in funding its obligation for the provision of other post-employment benefits to its employees. The combining statements supplementary information, referred to earlier in connection with non-major funds, are also presented in this section. (Pages 83-113)

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 115-157)

Government-wide Financial Analysis

The largest portion of the City's net position (73%) is the net investment in capital assets of \$102,972,048. 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 \$30,923,622. This portion primarily represents resources that are available to meet the City's ongoing obligations at the discretion of the City Council.

The remaining portion of the City's net position totals \$7,534,134 (5%) and is subject to external restrictions on how it may be used.

At the end of the current fiscal year, the City can 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, 2023

Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Cash and investments	\$ 38,802,243	\$ 41,353,072	\$ 1,831,017	\$ 1,511,953	\$ 40,633,260	\$ 42,865,025
Other assets	7,422,788	6,381,109	315,812	179,616	7,738,600	6,560,725
Capital Assets	107,254,643	101,490,672	-	-	107,254,643	101,490,672
Total assets	153,479,674	149,224,853	2,146,829	1,691,569	155,626,503	150,916,422
Deferred Outflows of Resources	195,324	167,654	23,331	20,025	218,655	187,679
Liabilities						
Accounts payable & accrued liabilities	2,318,232	3,315,018	81,397	53,676	2,399,629	3,368,694
Refundable deposits	1,408,286	1,706,951	28,103	28,149	1,436,389	1,735,100
Long-term debt	4,282,595	2,325,000	-	-	4,282,595	2,325,000
Other liabilities	5,226,678	3,566,102	844,988	690,725	6,071,666	4,256,827
Total liabilities	13,235,791	10,913,071	954,488	772,550	14,190,279	11,685,621
Deferred Inflows of Resources	201,059	131,136	24,016	15,664	225,075	146,800
Net position						
Net investment in capital assets	102,972,048	99,165,672	-	-	102,972,048	99,165,672
Restricted	7,534,134	6,086,075	-	-	7,534,134	6,086,075
Unrestricted	29,731,966	33,096,553	1,191,656	923,380	30,923,622	34,019,933
Total net position	\$ 140,238,148	\$ 138,348,300	\$ 1,191,656	\$ 923,380	\$ 141,429,804	\$ 139,271,680

The City's overall net position increased \$2,158,124 from last fiscal year's net position. This represents the combined change between an operational increase in governmental net position of \$1,889,848 and an operational increase in business-type net position of \$268,276. The reasons for these operational changes are discussed in the following sections on governmental and business-type activities.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues						
Charges for services	\$ 2,621,583	\$ 4,783,650	\$ 2,256,660	\$ 1,805,932	\$ 4,878,243	\$ 6,589,582
Operating grants and contributions	3,240,591	3,017,636	-	-	3,240,591	3,017,636
Capital grants and contributions	913,413	908,866	-	-	913,413	908,866
General revenues						
Property taxes	8,059,204	7,429,712	-	-	8,059,204	7,429,712
Other taxes	9,364,944	9,035,543	-	-	9,364,944	9,035,543
Other	4,696,208	2,925,864	23,224	(12,211)	4,719,432	2,913,653
Total revenues	28,895,943	28,101,271	2,279,884	1,793,721	31,175,827	29,894,992
Expenses:						
City council and commissions	1,808,202	2,886,658	-	-	1,808,202	2,886,658
Police services	6,691,970	6,662,552	-	-	6,691,970	6,662,552
Public works	4,661,571	4,739,819	-	-	4,661,571	4,739,819
Planning	1,058,220	852,599	-	-	1,058,220	852,599
Engineering	7,304,094	6,049,915	-	-	7,304,094	6,049,915
Administration	3,765,451	3,131,278	-	-	3,765,451	3,131,278
Interest on long-term debt	62,044	62,142	-	-	62,044	62,142
Recreation	-	-	1,981,608	1,558,349	1,981,608	1,558,349
Other	1,684,543	1,389,991	-	-	1,684,543	1,389,991
Total expenses	27,036,095	25,774,954	1,981,608	1,558,349	29,017,703	27,333,303
Change in net position before transfers	1,859,848	2,326,317	298,276	235,372	2,158,124	2,561,689
Transfers	30,000	30,000	(30,000)	(30,000)	-	-
Special item	-	-	-	-	-	-
Change in net position	1,889,848	2,356,317	268,276	205,372	2,158,124	2,561,689
Net position - beginning	138,348,300	135,991,983	923,380	718,008	139,271,680	136,709,991
Prior period adjustment	-	-	-	-	-	-
Net position - ending	\$ 140,238,148	\$ 138,348,300	\$ 1,191,656	\$ 923,380	\$ 141,429,804	\$ 139,271,680

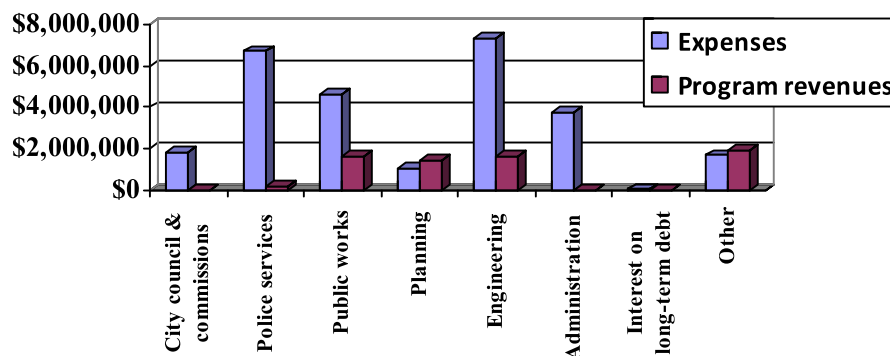
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,889,848 from the prior fiscal year balance, for an ending balance of \$140,238,148.

- Revenue from governmental activities increased 3% from the prior year, or \$794,672, the net result of variances in nearly all of the revenue categories.
 - Charges for services decreased \$2,162,067, compared to last fiscal year primarily due to the receipt of development agreement fees from the Palos Colorados project (\$2,250,000) in the prior year and a modest increase in Planning and Engineering fees of about \$90,000.

CITY OF LAFAYETTE
 Management’s Discussion and Analysis
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- Operating grants and contributions revenue increased by \$222,955 compared to the prior year. This change is primarily due to increased billing for the library (operations \$205,000 and Children’s Deck capital project \$338,000) and the \$315,000 reduction in the amount of American Rescue Plan Act (ARPA) expended.
- As a result of increased property market values, \$629,492 more in property taxes was received in the current fiscal year compared to the prior fiscal year.
- Other taxes increased by \$329,401, or 4%, in the current year. This is due to the combination of an improved local economy generating additional sales tax, franchise fees, transient occupancy tax, and highway users tax (\$553,897) and a decline in real property transfer tax of \$224,496.
- Other general revenues saw a large increase of \$1,770,344, or 61%, from the prior year. This is attributable to the positive investment earnings of \$295,564 in the current fiscal year compared to the loss of \$1,284,060 experienced in the prior fiscal year. Investment earnings in the prior fiscal year saw steep declines in market values due to Federal Reserve money tightening policies and higher inflation.
- Expenses for governmental activities increased 5% from the prior year, or \$1,261,141, with the largest changes in City council and commissions, as well as Engineering.
 - Costs for City council, commissions, and community support were \$1,078,456 lower than the previous year due to the ARPA expenditures not occurring in this category (\$850,000), a reduction in the amount of General Plan work that was contracted (\$402,055), and additional expenditures under the Circulation Commission as traffic continues to be a community priority (\$120,779).

Expenses and Program Revenues - Governmental Activities



- With program revenues of \$1,604,701, Engineering (which includes capital project costs) covered about 22% of its costs with the remaining funding coming from general revenues, including road maintenance and rehabilitation, gas tax and Measure J monies.
- Planning recouped more than its costs in this fiscal year, which is representative of timing differences between when planning work is done versus when fees are paid.
- The Other program category comprises costs for parking services, the senior transportation program and library operations

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

Business-Type Activities. Fiscal year end results for the City's business-type activity, recreation programs, were positive with net position increasing by \$268,276, or 29%, to reach an ending net position of \$1,191,656. The City continues to operate a self-sustaining recreation program that balances safety protocols and community comfort levels. In addition, with students back in school, many of the after-school programs have been expanded due to high demand. Net position balances are used to provide resources for times of hardship or transition.

Financial Analysis of the City's Funds

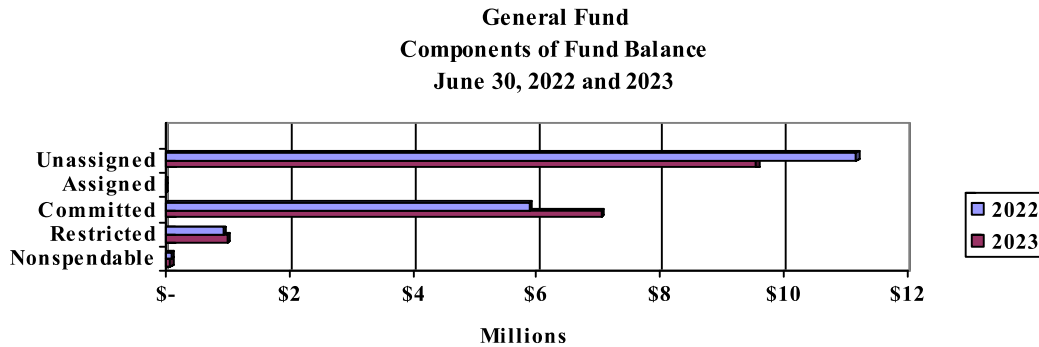
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At June 30, 2023, the City's governmental funds reported combined fund balances of \$35,603,969 a decrease of \$1,965,587 in comparison with the prior year. Approximately 33% of the combined fund balance, or \$11,743,914, 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 (\$79,639), 2) available to be spent only for the specific purposes stipulated by external resource providers (\$7,454,495), 3) designated for use by a government itself (\$16,325,921), or 4) *intended* for a specific purpose by the City (\$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 \$9,566,816, while total fund balance decreased to \$17,674,601. 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 46% of total general fund expenditures, which far exceeds the minimum industry recommendation from the Government Finance Officers Association of no less than two months (17%). Total fund balance represents about 86% of that same amount.

CITY OF LAFAYETTE
 Management's Discussion and Analysis
 Year Ended June 30, 2023



The fund balance of the City's general fund decreased by \$403,835 and is the net result of revenues over expenditures of \$1,163,419, other financing sources for leases of \$2,578,099, and net transfers out in the amount of \$4,145,353.

- Compared to the prior year, revenues were down by \$214,074. The most significant variances were in Charges for services (-\$1,574,855) and Use of money and property (+1,164,841). Charges for services were down due to receipt of development agreement fees on the Palos Colorados project in the amount of \$2,250,000 in the prior fiscal year, though this was partially offset with an increase in other charges for service of \$675,145. Use of money and property revenues were up compared with the prior year, due to improved market conditions that resulted in a market gain at 6/30/23 of \$68,822 compared to the market loss of \$1,096,019 in the prior year.
- Expenditures in the current year were \$2,709,930 more than in the prior year. This change results from the capital outlay category, which was impacted by the requirements of Governmental Accounting Standards Board Statement No. 87 (GASB 87). Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. In this case, the City's lease for office space necessitated a capital outlay expense of \$2,578,099. Excepting this particular item, expenditures in the current year were \$131,831, or less than 1% more, than in the prior year.
- New this fiscal year is the line item for other financing sources for leases per GASB 87.
- Transfers out in the current year increased by less than 1%, or \$4,774, compared to the prior year.

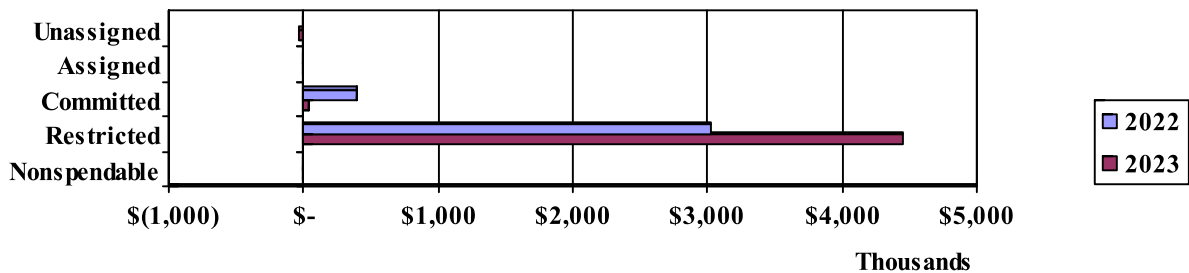
The streets and signals fund, a major governmental fund, had a \$439,736 decrease in fund balance in the current fiscal year, resulting in an end of year balance of \$5,524,938. The net negative change was the result of previously accumulated revenue being used for current street projects.

The capital projects funds, a major fund, had a \$2,860,064 decrease in fund balance during the current fiscal year which lowered the overall fund balance to \$7,145,925. The change in fund balance was due to the expenditure of \$5,217,596 for the properties at 986/990 Moraga Road and 3471 Mt. Diablo Boulevard. The fund expenditures were offset with a net transfer in of \$1,909,617 and revenues that were \$238,673 more than in the prior year.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

The debt service fund, the remaining major fund, had a \$25,360 decrease in fund balance during the current fiscal year, which put the overall fund balance at \$450,279. The decrease results from debt service expenditures in excess of the receipt of tax assessments for the year. It is the City's intention when calculating the tax levy each year that the current fund balance is taken into account against the remaining debt service so that a lower rate is achieved, resulting in reduced property tax bills for landowners and a fund balance that does not continue to grow. This tax assessment is scheduled to end in 2025.

**Other Governmental Funds
Components of Fund Balance
June 30, 2022 and 2023**



Governmental funds that do not meet the determination of a major fund are presented in the aggregate. The other governmental funds had a \$1,763,408 increase in fund balance, resulting in an end of year balance of \$5,173,702. The increase results from current year activity in the Road Maintenance & Rehabilitation (\$512,002), Measure J Return to Source (\$339,838), Core Area Maintenance (\$505,996), and Stormwater Pollution (\$275,179) funds. In the current year, the Road Maintenance & Rehabilitation and Measure J Return to Source funds cycled back to a collection year in which the year's revenues were not immediately needed for active projects. Core Area Maintenance and Stormwater Pollution have run deficits for the last several years since the annual assessments are not sufficient to cover annual program costs. In the current year, the City Council authorized the use of \$440,000 in each of the funds, resulting in positive year-end fund balances.

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.

Unrestricted net position of the recreation programs at the end of the year was \$1,191,656. The total increase in net position for the fund was \$268,276. As noted earlier in the discussion of business-type activities, the increase in net position this year is attributable to the City's continued commitment to operation of a self-sustaining recreation program and the constant shifting of safety protocols and community comfort levels that have become part of normal procedures. In addition, with students back in school, many of the after-school programs have been expanded due to high demand. Excess funds will provide resources for times of hardship or transition.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

General Fund Budgetary Highlights

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

- General Fund expenditures:
 - \$20,000 for the 175+ Celebration
 - \$228,000 for the holiday bonus pool
 - (\$75,580) revising the contribution to Lamorinda Village to fund a part-time Senior Services Coordinator
 - \$25,000 for the 3675 Mt. Diablo Boulevard office renovation
 - \$112,000 for maintenance at Buckeye Patio
 - \$56,702 for part-time temporary staff hours to support Code Enforcement
 - \$158,000 for legal services, particularly regarding the General Plan and real estate transactions
- Streets and Signals Fund expenditures:
 - \$93,000 for the Oak Bridge Rain Garden
- Capital Projects Fund expenditures:
 - \$200,000 for Lafayette Community Center HVAC / Room Design project
 - \$1,665,883 for the purchase of 3471 Mt. Diablo Boulevard, which functions as the Police Department

Final budget compared to actual results. Actual revenues came in under budget by \$571,860.

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.

Although the City receives a comparatively low share, the property tax base remains stable. Assessed values in the City increased 8.01% from \$9,711,851,703 in fiscal year 2021/22 to \$10,489,694,797 in fiscal year 2022/23. Differences between the property tax budget and actual revenues received are due to the challenges around the timing of real estate transactions and when they hit the tax roll. For example, homes sales from calendar year 2021 are reflected in the tax roll for fiscal year 2022/23 and can account for half of the change in assessed value for the City.

Variances in the fiscal year 2021/22 revenue budget are primarily due to differences in recognition of receipts; the budget operates on a cash basis, whereas the fund statements are based on modified accrual. The result of this significant difference is that the budget reflects the full ARPA receipt of \$3.2 million while audit revenue recognition rules require that only the revenues used to offset expenditures in the period be recognized. This causes a variance in the Intergovernmental line of \$1.5 million. After adjusting the budget for these items, the variance comes down to a positive \$931,748, highlighting the higher than anticipated charges for service.

CITY OF LAFAYETTE
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Actual expenditures came in \$342,431 over budget. Once again, the variance is primarily due to differences in expenditures that are recognized. For example, the amount resulting from the implementation of GASB 87 was unknown at the time of budget development and causes variances in capital outlay expenditures in the amount of \$2,524,134. When you adjust the budget for this item, the variance reflects that operationally, expenditures came in under budget by \$2,181,702. The primary sources of these savings were city council, commissions & community support (\$785,387), police services (\$652,152), and public works (\$368,576). Due to project progress and timing, several items that were budgeted under the city council, commissions & community support did not occur in the current year. Police services were under budget 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 for an unforeseen event. Public works was under budget primarily due to budgeted, but unused maintenance and other contractual services.

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, 2023 is valued at \$107,254,643. The City did not have any capital assets for its business-type activities as of June 30, 2023.

	Governmental activities	
	2023	2022
Land	\$ 19,264,770	\$ 15,264,770
Improvements	3,365,526	2,354,188
Buildings	35,269,739	35,081,955
Infrastructure	42,029,310	40,296,022
Equipment	85,524	122,855
Vehicles	718,359	703,776
Books and artwork	943,059	997,655
Construction in progress	3,061,100	6,669,451
Right-of-use building	2,517,256	-
Total capital assets	<u>\$ 107,254,643</u>	<u>\$ 101,490,672</u>

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

- Completed the Oak Bridge Rain Garden
- Completed the 2022 Surface Seal Project
- Continued the Mt. Diablo Court Traffic Signal Project
- Continued the Safety Improvements Near Schools Project
- Started the 2023 Pathways Project
- Started the Pavement Management Project

Additional information on the City’s capital assets can be found in Note 4 on page 64.

CITY OF LAFAYETTE
Management's Discussion and Analysis
Year Ended June 30, 2023

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$1,790,000 and a lease liability of \$2,492,595. The bonded debt 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. The lease liability is related to the City's future lease agreement for City offices at Desco Plaza. As of June 30, 2023, the City did not have any long-term obligations for its business-type activities.

The City's total debt increased by \$1,957,595 during the current fiscal year primarily due to the new lease agreement for City offices at Desco Plaza, resulting in a lease liability of \$2,492,595. Simultaneously, there was a decrease of \$535,000 in bonded debt, reflecting the regularly scheduled principal payments on 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 \$1,790,000.

Additional information on the City's long-term debt can be found in Note 5 on page 65 of this report.

Economic Factors

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

The residents are generally highly educated, with almost 72% having a bachelor's degrees or higher and of this group, 45% having a masters, professional, associate, or doctorate degree. The median household income is \$192,199, which compares to \$103,997 for the County and \$78,672 for the State. The median home value of owner-occupied homes is \$1.5M. Homeownership rates are also very high, at 71%, as compared to a state rate of 55%.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Lafayette
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 38,802,243	\$ 1,831,017	\$ 40,633,260
Accounts receivable	5,680,649	285,054	5,965,703
Interest receivable	1,656,825	10,394	1,667,219
Prepaid items	79,639	20,364	100,003
Other assets	5,675	-	5,675
Total current assets	<u>46,225,031</u>	<u>2,146,829</u>	<u>48,371,860</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	22,909,019	-	22,909,019
Depreciable, net of accumulated depreciation	84,345,624	-	84,345,624
Total capital assets	<u>107,254,643</u>	<u>-</u>	<u>107,254,643</u>
Total Assets	<u>153,479,674</u>	<u>2,146,829</u>	<u>155,626,503</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - OPEB	195,324	23,331	218,655
Total deferred outflows of resources	<u>195,324</u>	<u>23,331</u>	<u>218,655</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,318,232	81,397	2,399,629
Interest payable	26,501	-	26,501
Refundable deposits	1,408,286	28,103	1,436,389
Unearned revenue	3,715,658	703,470	4,419,128
Accrued compensated absences - current portion	164,581	12,499	177,080
Long-term debt - due within one year	881,455	-	881,455
Total current liabilities	<u>8,514,713</u>	<u>825,469</u>	<u>9,340,182</u>
Noncurrent liabilities:			
Accrued compensated absences	658,323	49,994	708,317
Long-term debt	3,401,140	-	3,401,140
Net OPEB liability	661,615	79,025	740,640
Total noncurrent liabilities	<u>4,721,078</u>	<u>129,019</u>	<u>4,850,097</u>
Total liabilities	<u>13,235,791</u>	<u>954,488</u>	<u>14,190,279</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - OPEB	201,059	24,016	225,075
Total deferred inflows of resources	<u>201,059</u>	<u>24,016</u>	<u>225,075</u>
NET POSITION			
Net investments in capital assets	102,972,048	-	102,972,048
Restricted for:			
Debt service	450,279	-	450,279
Special revenue projects	1,207,112	-	1,207,112
Capital projects	1,558,485	-	1,558,485
Housing projects	2,111,779	-	2,111,779
Lighting and landscaping	1,077,648	-	1,077,648
Community Services	1,128,831	-	1,128,831
Total restricted net position	<u>7,534,134</u>	<u>-</u>	<u>7,534,134</u>
Unrestricted	29,731,966	1,191,656	30,923,622
Total net position	<u>\$ 140,238,148</u>	<u>\$ 1,191,656</u>	<u>\$ 141,429,804</u>

City of Lafayette
Statement of Activities
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Program Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental activities:					
City council, commissions, and community support	\$ 1,808,202	\$ -	\$ -	\$ -	\$ -
Police services	6,691,970	48,176	135,670	-	183,846
Parking services	503,407	354,542	-	-	354,542
Public works	4,661,571	64,086	1,301,856	258,407	1,624,349
Senior transportation	165,689	12,673	222,471	-	235,144
Library operations	1,015,447	42,830	1,304,114	-	1,346,944
Planning	1,058,220	1,134,143	276,480	-	1,410,623
Engineering	7,304,094	949,695	-	655,006	1,604,701
Administration	3,765,451	15,438	-	-	15,438
Interest on long-term debt	62,044	-	-	-	-
Total governmental activities	27,036,095	2,621,583	3,240,591	913,413	6,775,587
Business-type Activities:					
Recreation Programs	1,981,608	2,256,660	-	-	2,256,660
Total Business-Type activities	1,981,608	2,256,660	-	-	2,256,660
Total primary government	\$ 29,017,703	\$ 4,878,243	\$ 3,240,591	\$ 913,413	\$ 9,032,247

General Revenues:

Taxes:

Property taxes

Sales taxes

Franchise taxes

Transient occupancy tax

Highway users tax

Transfer tax

Total taxes

Motor vehicle in lieu, unrestricted

Investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (1,808,202)	\$ -	\$ (1,808,202)
(6,508,124)	-	(6,508,124)
(148,865)	-	(148,865)
(3,037,222)	-	(3,037,222)
69,455	-	69,455
331,497	-	331,497
352,403	-	352,403
(5,699,393)	-	(5,699,393)
(3,750,013)	-	(3,750,013)
(62,044)	-	(62,044)
(20,260,508)	-	(20,260,508)
-	275,052	275,052
-	275,052	275,052
(20,260,508)	275,052	(19,985,456)
8,059,204	-	8,059,204
4,185,067	-	4,185,067
2,759,443	-	2,759,443
816,536	-	816,536
1,214,746	-	1,214,746
389,152	-	389,152
17,424,148	-	17,424,148
3,819,688	-	3,819,688
295,564	23,224	318,788
580,956	-	580,956
30,000	(30,000)	-
22,150,356	(6,776)	22,143,580
1,889,848	268,276	2,158,124
138,348,300	923,380	139,271,680
\$ 140,238,148	\$ 1,191,656	\$ 141,429,804

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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 the current fiscal year. Individual other governmental funds may be found in the Supplemental Section.

General Fund

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

Streets and Signals Fund

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

Capital Projects Fund

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

Debt Service Fund

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

City of Lafayette
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Streets and Signals Fund	Capital Projects Fund	Debt Service Fund
ASSETS				
Cash and investments	\$ 18,730,797	\$ 5,948,958	\$ 8,738,870	\$ 450,279
Accounts receivable	3,302,843	768,958	-	-
Interest receivable	1,560,678	38,228	38,976	-
Due from other funds	1,939,151	-	-	-
Prepaid items	73,986	2,950	41	-
Other assets	5,495	-	-	-
Total assets	\$ 25,612,950	\$ 6,759,094	\$ 8,777,887	\$ 450,279
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,467,864	\$ 699,463	\$ 28,303	\$ -
Due to other funds	-	-	1,599,739	-
Refundable deposits	1,407,974	312	-	-
Unearned revenue	3,484,147	-	3,920	-
Total liabilities	6,359,985	699,775	1,631,962	-
Deferred inflows of resources:				
Unavailable revenue	1,578,364	534,381	-	-
Total deferred inflows of resources	1,578,364	534,381	-	-
Fund Balances:				
Nonspendable	73,986	2,950	41	-
Restricted	993,098	1,558,485	-	450,279
Committed	7,040,701	1,760,074	7,145,884	-
Unassigned	9,566,816	2,203,429	-	-
Total fund balances	17,674,601	5,524,938	7,145,925	450,279
Total liabilities, deferred inflows of resources and fund balances	\$ 25,612,950	\$ 6,759,094	\$ 8,777,887	\$ 450,279

Other Governmental Funds	Total Governmental Funds
\$ 4,933,339	\$ 38,802,243
1,608,848	5,680,649
18,943	1,656,825
-	1,939,151
2,662	79,639
180	5,675
<u>\$ 6,563,972</u>	<u>\$ 48,164,182</u>

\$ 122,602	\$ 2,318,232
339,412	1,939,151
-	1,408,286
227,591	3,715,658
<u>689,605</u>	<u>9,381,327</u>

1,066,141	3,178,886
<u>1,066,141</u>	<u>3,178,886</u>

2,662	79,639
4,452,633	7,454,495
379,262	16,325,921
(26,331)	11,743,914
<u>4,808,226</u>	<u>35,603,969</u>
<u>\$ 6,563,972</u>	<u>\$ 48,164,182</u>

City of Lafayette

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position June 30, 2023

Total Fund Balances - Total Governmental Funds	\$ 35,603,969
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Amounts reported for governmental activities in the statement of net position are different

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Nondepreciable	22,909,019
Depreciable, net	84,345,624

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.

	(26,501)
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Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.

	3,178,886
--	-----------

In the Government-Wide Financial Statements, deferred employer contributions for OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

Deferred outflows of resources related to OPEB	195,324
Deferred inflows of resources related to OPEB	(201,059)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Accrued compensated absences - current	(164,581)
Accrued compensated absences - noncurrent	(658,323)
Long-term debt - due within one year	(881,455)
Long-term debt - due in more than one year	(3,401,140)
Net OPEB liability	(661,615)

Net Position of Governmental Activities	\$ 140,238,148
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City of Lafayette

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2023

	General Fund	Streets and Signals Fund	Capital Projects Fund	Debt Service Fund
REVENUES:				
Property taxes	\$ 6,706,088	\$ -	\$ -	\$ 566,585
Sales taxes	3,452,232	-	-	-
Other taxes	2,842,739	1,122,391	-	-
Charges for services	2,429,435	137,645	467,310	-
Intergovernmental	5,368,423	232,499	194,112	-
Licenses and permits	428,354	-	-	-
Fines, forfeitures and penalties	85,333	-	-	-
Use of money and property	68,822	87,590	155,401	-
Miscellaneous	439,673	418,132	-	-
Total revenues	21,821,099	1,998,257	816,823	566,585
EXPENDITURES:				
Current:				
City council, commissions, and community support	1,808,202	-	-	-
Police services	5,887,342	-	-	-
Parking services	-	-	50,086	-
Public works	2,389,856	-	66,648	-
Senior transportation	-	-	-	-
Library operations	1,015,447	-	-	-
Planning	1,056,190	-	-	-
Engineering	960,057	462,096	-	-
Administration	3,668,852	-	-	1,600
Capital outlay	3,793,306	3,536,823	5,469,770	-
Debt service:				
Principal	78,428	8,230	-	535,000
Interest and fiscal charges	-	-	-	55,345
Total expenditures	20,657,680	4,007,149	5,586,504	591,945
REVENUES OVER (UNDER) EXPENDITURES	1,163,419	(2,008,892)	(4,769,681)	(25,360)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - leases	2,578,099	-	-	-
Transfers in	25,000	1,569,156	1,910,564	-
Transfers out	(4,170,353)	-	(947)	-
Total other financing sources (uses)	(1,567,254)	1,569,156	1,909,617	-
Net change in fund balances	(403,835)	(439,736)	(2,860,064)	(25,360)
FUND BALANCES:				
Beginning of year, as restated	18,078,436	5,964,674	10,005,989	475,639
End of year	\$ 17,674,601	\$ 5,524,938	\$ 7,145,925	\$ 450,279

Other Governmental Funds	Total Governmental Funds
\$ 786,530	\$ 8,059,203
654,756	4,106,988
1,214,746	5,179,876
176,533	3,210,923
443,044	6,238,078
25,204	453,558
165,442	250,775
47,838	359,651
101,007	958,812
<u>3,615,100</u>	<u>28,817,864</u>
-	1,808,202
578,292	6,465,634
453,321	503,407
1,299,481	3,755,985
165,689	165,689
-	1,015,447
266	1,056,456
-	1,422,153
-	3,670,452
43,933	12,843,832
7,290	628,948
-	55,345
<u>2,548,272</u>	<u>33,391,550</u>
<u>1,066,828</u>	<u>(4,573,686)</u>
-	2,578,099
1,572,089	5,076,809
(875,509)	(5,046,809)
<u>696,580</u>	<u>2,608,099</u>
1,763,408	(1,965,587)
<u>3,410,294</u>	<u>37,569,556</u>
<u>\$ 5,173,702</u>	<u>\$ 35,603,969</u>

City of Lafayette

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$ (1,965,587)
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Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense.	12,051,045
Depreciation and amortization expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds.	(5,405,559)
Loss on disposal of capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, loss on disposal of capital assets was not reported as expenditures in the governmental funds.	(881,515)
Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.	(22,533)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of debt was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	620,504
Issuance of long-term debt	(2,578,099)
Interest payments are recorded as expenditures in the governmental funds, however interest expense is recognized as expenses are incurred on the Government-Wide Statement of Activities	1,745
Unavailable revenues recorded in the fund financial statements resulting from activities in which revenues were earned but were not available are reclassified as revenues in the Government-Wide Financial Statements.	78,079
Current year employer OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	96,968
OPEB expense is reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.	(105,200)

Change in Net Position of Governmental Activities	\$ 1,889,848
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PROPRIETARY FUND FINANCIAL STATEMENTS

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
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Recreation Programs</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 1,831,017
Accounts receivable	285,054
Interest receivable	10,394
Prepaid items	<u>20,364</u>
Total assets	<u>2,146,829</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - OPEB	<u>23,331</u>
Total deferred outflows of resources	<u>23,331</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	81,397
Refundable deposits	28,103
Accrued compensated absences - current portion	12,499
Unearned revenue	<u>703,470</u>
Total current liabilities	<u>825,469</u>
Noncurrent liabilities:	
Accrued compensated absences	49,994
Net OPEB liability	<u>79,025</u>
Total noncurrent liabilities	<u>129,019</u>
Total liabilities	<u>954,488</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - OPEB	<u>24,016</u>
Total deferred inflows of resources	<u>24,016</u>
NET POSITION	
Unrestricted	<u>1,191,656</u>
Total net position	<u>\$ 1,191,656</u>

City of Lafayette
Statement of Revenues, Expenditures and Changes in Net Position
Proprietary Funds
For the year ended June 30, 2023

	Recreation Programs
OPERATING REVENUES:	
Recreation fees	\$ 2,178,041
Building rentals	78,619
Total operating revenues	2,256,660
OPERATING EXPENSES:	
Personnel services	833,941
Contractual services	1,064,144
Printing and supplies	70,270
Capital outlay	13,253
Total operating expenses	1,981,608
Operating income (loss)	275,052
NONOPERATING REVENUES (EXPENSES):	
Interest income	23,224
Total nonoperating revenues (expenses)	23,224
Income before contributions and transfers	298,276
CONTRIBUTIONS AND TRANSFERS:	
Transfers out	(30,000)
Total contributions and transfers	(30,000)
Change in net position	268,276
NET POSITION:	
Beginning of year	923,380
End of year	\$ 1,191,656

City of Lafayette
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023

	Recreation Programs
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,277,248
Payments to suppliers	(1,123,140)
Payments to employees	(828,268)
	<u>325,840</u>
Net cash provided by (used in) operating activities	<u>325,840</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers in (out)	(30,000)
	<u>(30,000)</u>
Net cash provided by (used in) noncapital financing activities	<u>(30,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	23,224
	<u>23,224</u>
Net cash provided by (used in) investing activities	<u>23,224</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	319,064
CASH AND INVESTMENTS - Beginning of year	<u>1,511,953</u>
CASH AND INVESTMENTS - End of year	<u>\$ 1,831,017</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Operating income (loss)	\$ 275,052
Change in assets and liabilities:	
Receivables, net	(133,002)
Prepaid items	(3,194)
Deferred outflows - OPEB	(3,306)
Accounts payable and other accrued expenses	27,721
Accrued compensated absences	4,691
Refundable deposits	(46)
Unearned revenue	153,636
Net OPEB liability	(4,064)
Deferred outflows - OPEB	8,352
	<u>8,352</u>
Net cash provided by (used in) operating activities	<u>\$ 325,840</u>

FIDUCIARY FUND FINANCIAL 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.

Custodial Funds

A Custodial 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 uses the economic resources measurement focus.

City of Lafayette
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ 394,304	\$ 3,913,284
Restricted cash and investments held by fiscal agents	1,923,331	-
Receivables:		
Accounts	-	186,336
Interest	-	20,395
Prepaid items	-	11,117
Other assets	-	1,073
Total assets	2,317,635	4,132,205
LIABILITIES		
Accounts payable	\$ 319,314	\$ 410
Unearned revenue	-	555,134
Compensated absences	-	14,228
Interest payable	560,764	-
Long-term debt - due in less than one year	1,220,000	-
Long-term debt - due in more than one year	28,796,604	-
Total liabilities	30,896,682	569,772
NET POSITION		
Restricted for		
Individuals, organizations, and other governments	(28,579,047)	3,562,433
Total Net Position	\$ (28,579,047)	\$ 3,562,433

City of Lafayette
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

	Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Property taxes	\$ 2,897,320	\$ -
Regional Fees passed through	-	96,198
Participant fees	-	1,068,038
Grants and subsidies	-	1,703,817
Donation and gift	-	85
Use of money and property	30,230	51,648
Total additions	2,927,550	2,919,786
DEDUCTIONS:		
Administration expenses	250,000	232,477
Contractual services	(7,842)	2,258,932
Interest expense and fiscal charges	1,235,644	-
Total deductions	1,477,802	2,491,409
Change in net position	1,449,748	428,377
NET POSITION:		
Beginning of year, as restated	(30,028,795)	3,134,056
End of year	\$ (28,579,047)	\$ 3,562,433

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Lafayette, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

Incorporated in 1968, the City is located in Contra Costa County, one of the nine counties of the San Francisco Bay Area. Located on 15 square miles, the City is noted for its high quality life with top rated schools, low crime rate, small town downtown, clean air, mild climate, and oak tree-studded hills. Located between the Berkeley and Walnut Creek, the City 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 25,358. The City is primarily a residential community with commercial and light industrial enterprises as well as local government offices.

The basic financial statements of the City include only the financial activities of the City, including a blended component unit:

City of Lafayette Public Facilities Financing Authority (Authority) - The Authority is a joint exercise 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. The Authority was created by the 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 year ended June 30, 2023.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues, and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions, or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

These financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liabilities are incurred.

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transaction balances have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures in the current period.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

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

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

Streets and Signals Fund - tracks grants/funding contributions and costs associated with capital improvement projects: roads, drains, walkways, etc.

Capital Projects Fund - 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 the 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.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increase (revenues) and decreases (expenses) in total net position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the operations of the fund. All other expenses are reported as nonoperating expenses.

The City reports one proprietary fund in the accompanying financial statements:

Recreation Programs Enterprise Fund - used by the City to account for the operations of the City's recreation programs.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City has two types of fiduciary funds, a private-purpose trust fund and custodial funds. Private purpose trust funds accounts for all other trust arrangements in which principal and income benefit individuals, private organizations, and other governments (i.e. unclaimed property/escheat property). Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Fiduciary funds are accounted for using the accrual basis of accounting.

Fiduciary Fund Financial Statements, Continued

The City's only private-purpose trust fund, 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.

The City's custodial 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. 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 as cash and investments on the balance sheets for the governmental funds and the statements of net position for the proprietary fund and agency funds as cash and investments. Investments are stated at fair value.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB Statement No. 3)*, certain disclosure requirements for deposits and investment risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Cash and Investments, Continued*

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid money market investments with maturities of one-year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City did not have any investments measured using Level 3 inputs as of June 30, 2023.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "cash and investments" in the accompanying basic financial statements.

For the purpose of the Statement of Cash Flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods 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.

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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets, Continued

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

All buildings	No threshold
All other capital assets	\$25,000

Prior to July 1, 2001, the 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 estimated useful lives by type of asset are as follow:

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

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

F. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 assets 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 net 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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 30% 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% noncurrent liabilities (see Note 7). The portion expected to be permanently liquidated is recorded in the Statement of Net Position and is liquidated primarily by the General Fund.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows 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 the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with benefit terms. Investments are reported at fair value. The net pension liability is liquidated primarily by the General Fund. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

I. Net Position and Fund Balances

Net position is measured on the full accrual basis, while fund balance is measured on the modified accrual basis.

Net Position

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined only at the government-wide level, and are described below:

Net Investment in Capital Assets represents the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted net position 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 net position represents all net position that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

Fund Balance

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

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

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position and Fund Balances, Continued

Nonspendable fund balance 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 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.

Fund Balance, Continued

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 designed and maybe 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 City Council under Ordinance 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.

J. 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 the sale date, plus a maximum 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 a \$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 the City was incorporated in 1968 as a no-property-tax city, through the fiscal year ended 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 the City'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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Property Taxes, 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, the City 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 was receiving the equivalent of approximately 7% of the total property taxes that its 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 additional property tax allocation since fiscal year 2000/2001.

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

	Secured	Unsecured
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

K. Use of Estimates

The preparation of financial statements in conformity with 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.

L. New GASB Pronouncements

In fiscal year 2023, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement 91, Conduit Debt Obligations - The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the City for the current fiscal year.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. New GASB Pronouncements, Continued

- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the City for the current year.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement did not apply to the City for the current fiscal year.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. 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 maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The following is a summary of the cash and investments at June 30, 2023:

	Government-Wide Statement of Net Position			Total
	Governmental Activities	Business-Type Activities	Fiduciary Funds	
Cash and investments	\$ 38,802,243	\$ 1,831,017	\$ 4,307,588	\$ 44,940,848
Restricted cash and investments	-	-	1,923,331	1,923,331
Total cash and investments	<u>\$ 38,802,243</u>	<u>\$ 1,831,017</u>	<u>\$ 6,230,919</u>	<u>\$ 46,864,179</u>

A. Summary of Cash and Investments

Cash and investments at June 30, 2023 consist of the following:

Cash on hand	\$ 3,225
Deposits with financial institutions	2,679,428
Total cash on hand and deposits	<u>2,682,653</u>
Local Agency Investment Funds (LAIF)	17,317,279
California Assets Management Program (CAMP)	2,090,939
Federal agencies	12,148,756
Corporate notes	341,956
General obligation bonds	2,501,429
Money market funds	863,057
Certificates of deposit	6,994,779
Total investments	<u>42,258,195</u>
Total City Treasury	<u>44,940,848</u>
Cash and investments held by fiscal agents	1,923,331
Total cash and investments	<u>\$ 46,864,179</u>

B. Deposits

The carrying amount of the City's cash deposit was \$2,682,653 as of June 30, 2023. Bank balances before reconciling items were a positive amount of \$3,673,976 at June 30, 2023. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Commission. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

Fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments Authorized by the Code and the City's Investment Policy

Under the City's investment policy, and in accordance with the Code, the following investments are authorized at June 30, 2023:

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 category	15%	10%
Collateralized Bank Deposits	5 years	N/A	100%	100%
Time Certificates of Deposits	5 years	N/A	100%	100%
Joint Powers Authority	N/A	N/A	100%	100%
California Local Agency Investment Fund	N/A	N/A	\$40 million	100%
Savings Accounts or Money Market Accounts	5 years	N/A	N/A	N/A

*As of date of purchase

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds for the year ended June 30, 2023:

Interest income	\$ 908,103
Unrealized gain (loss) on changes in fair value of investments	<u>(475,386)</u>
Total investment income	<u>\$ 432,717</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

C. Investments Authorized by the Code and the City's Investment Policy, Continued

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold.

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2023 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

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

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

At June 30, 2023, the City had \$17,317,279 invested in LAIF, which had invested 2.78% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the amortized costs provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2023, the fair value was approximate to the City's cost. At June 30, these investments had an average maturity less than 60 days.

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

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. 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 following table 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	AAA _m
Unsecured CDs, Deposit Accounts, Time Deposits, Bankers	1-year	A1
Prefunded Municipal Obligations	N/A	Aaa
FDIC Insured Deposit	N/A	N/A
Investment Agreements	N/A	Aa2

^(A) Securities issued by agencies of the federal government 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. Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the 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, 2023

2. CASH AND INVESTMENTS, Continued

E. Risk Disclosures, Continued

Investments held in the City Treasury and by fiscal agents grouped by maturity date at June 30, 2023 are as follow:

Investment Type	Total	Investment Maturities (in Months)		
		12 Months or less	13 to 24 Months	More than 24 Months
Federal Agencies	\$ 12,148,756	\$ 2,916,359	\$ 1,860,905	\$ 7,371,493
Corporate Notes	341,956	-	341,956	-
General Obligation Bonds	2,501,429	725,580	-	1,775,849
Money Market Funds	2,786,388	2,786,388	-	-
Certificates of Deposit	6,994,779	981,377	700,453	5,312,949
Subtotal	24,773,308	7,409,704	2,903,314	14,460,291
Joint investment pools:				
Local Agency Investment Fund	17,317,279	17,317,279	-	-
California Assets Management Program	2,090,939	2,090,939	-	-
Total	\$ 44,181,526	\$ 26,817,922	\$ 2,903,314	\$ 14,460,291

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. The following is the minimum rating required by (where applicable) the California Code, the City's investment policy, or debt agreements, and the actual Moody's rating(s) as of June 30, 2023 for each investment type.

Investment	Total	Credit Quality Rating as of Year-End			
		Aa1	Aa2	Aa3	Aaa
Federal Agencies	\$ 12,148,756	\$ -	\$ -	\$ -	\$ 12,148,756
Corporate Notes	341,956	-	341,956	-	-
General Obligation Bonds	2,501,429	-	1,545,560	-	955,869
Money Market Funds	2,786,388	-	-	-	2,786,388
Subtotal	17,778,529	\$ -	\$ 1,887,516	\$ -	\$ 15,891,013
Not Rated:					
Joint Investment Pool:					
Local Agency Investment Fund	17,317,279				
California Assets Management Program	2,090,939				
Certificates of Deposit	6,994,779				
Total Investments	44,181,526				
Exempt From Rating Requirement:					
Cash on hand and deposits	2,682,653				
Total Cash and Investments	\$ 46,864,179				

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

2. CASH AND INVESTMENTS, Continued

E. Risk Disclosures, Continued

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk for the current year.

F. Investment Valuation

Investments (except for money and market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2023 are described on the following page.

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Federal Agencies	\$ 12,148,756	\$ -	\$ 12,148,756	\$ -
Corporate Notes	341,956	-	341,956	-
General Obligation Bonds	2,501,429	-	2,501,429	-
Total investments subject to fair value	14,992,141	\$ -	\$ 14,992,141	\$ -
Investments measured at Net Asset Value Per Share				
California Assets Management Program	2,090,939			
Investments not subject to levelling:				
Money Market Funds	2,786,388			
Certificates of Deposit	6,994,779			
Local Agency Investment Fund	17,317,279			
Total Investments	\$ 44,181,526			

Federal Agencies, Corporate Notes, and General Obligations classified in Level 2 of the fair value hierarchy are valued using market closing pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

3. INTERFUND ACTIVITIES

A. Due To/From Other Funds

Current year due to/from other fund balances arose in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2023, the City’s due to/from other fund balances comprised of the following:

Due to Other Funds	Due from Other Funds	
	General Fund	Total
Capital Projects Fund	\$ 1,599,739	\$ 1,599,739
Nonmajor Governmental Funds	339,412	339,412
Total	\$ 1,939,151	\$ 1,939,151

B. Transfers In/Out

During the year ended June 30, 2023, the City had the following transfers in/out:

Transfers Out	Transfers In				Total
	General Fund	Streets and Signals Fund	Capital Projects Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 692,700	\$ 1,905,564	\$ 1,572,089	\$ 4,170,353
Streets and Signals Fund	-	-	-	-	-
Capital Projects Fund	-	947	-	-	947
Nonmajor Governmental Funds	-	875,509	-	-	875,509
Total Governmental Funds	-	1,569,156	1,905,564	1,572,089	5,046,809
Recreation Programs Fund	25,000	-	5,000	-	30,000
Total	\$ 25,000	\$ 1,569,156	\$ 1,910,564	\$ 1,572,089	\$ 5,076,809
	Notes (a)	(b)	(c)	(d)	

The City’s current year transfers were to cover operating expenditures that meet statutory and/or budgetary requirements of each respective funds as below:

- a. Administrative transfers.
- b. For overhead expense and active capital projects.
- c. For overhead expense and capital project reserves.
- d. To supplement funding for program operations.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

4. CAPITAL ASSETS

For the year ended June 30, 2023 the City's capital asset activity was as follows:

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Governmental Activities:					
Nondepreciable capital assets:					
Land	15,264,770	\$ 4,000,000	\$ -	\$ -	\$ 19,264,770
Artwork (Library)	583,149	-	-	-	583,149
Construction in progress	6,672,741	3,862,794	(881,515)	(6,592,920)	3,061,100
Total nondepreciable capital assets	22,520,660	7,862,794	(881,515)	(6,592,920)	22,909,019
Depreciable capital assets:					
Improvements	6,781,129	28,914	-	1,244,029	8,054,072
Buildings	46,401,682	1,327,873	-	-	47,729,555
Infrastructure	137,988,195	-	-	5,348,891	143,337,086
Equipment	1,658,875	-	-	-	1,658,875
Vehicles	2,180,269	235,279	(42,477)	-	2,373,071
Book collection (Library)	1,091,940	-	-	-	1,091,940
Right-of-use building	-	2,609,415	-	-	2,609,415
Total depreciable capital assets	196,102,090	4,201,481	(42,477)	6,592,920	206,854,014
Accumulated depreciation and amortization:					
Improvements	(4,423,728)	(264,818)	-	-	(4,688,546)
Buildings	(11,319,727)	(1,140,089)	-	-	(12,459,816)
Infrastructure	(97,692,173)	(3,615,603)	-	-	(101,307,776)
Equipment	(1,536,020)	(37,331)	-	-	(1,573,351)
Vehicles	(1,496,226)	(200,963)	42,477	-	(1,654,712)
Book collection (Library)	(677,433)	(54,597)	-	-	(732,030)
Right-of-use building	-	(92,158)	-	-	(92,158)
Total accumulated depreciation and amortization	(117,145,308)	(5,405,559)	42,477	-	(122,508,390)
Depreciable capital assets, net	78,956,782	(1,204,078)	-	6,592,920	84,345,624
Total capital assets	\$ 101,477,442	\$ 6,658,716	\$ (881,515)	\$ -	\$ 107,254,643

Depreciation expense by program or function for the year ended June 30, 2023 was as follows:

Governmental Activities:	
Police services	\$ 225,234
Public works	79,744
Engineering	4,998,728
Administration	101,853
Total depreciation expense	<u>\$ 5,405,559</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. 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 long-term debt activity for the year ended June 30, 2023 was as follows:

	Original Issue Amount	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Governmental Activities - Direct Borrowings:						
2011 General Obligation Refunding Bonds 2.85%, due July 15, 2025	\$ 2,960,000	\$ 1,780,000	\$ -	\$ (220,000)	\$ 1,560,000	\$ 320,000
2016 General Obligation Refunding Bonds 2.00%, due July 15, 2023	2,055,000	545,000	-	(315,000)	230,000	230,000
Lease Liability		-	2,578,099	(85,504)	2,492,595	331,455
		<u>\$ 2,325,000</u>	<u>\$ 2,578,099</u>	<u>\$ (620,504)</u>	<u>\$ 4,282,595</u>	<u>\$ 881,455</u>

A. 2011 General Obligation Refunding Bonds

On December 9, 2011, the City issued the 2011 General Obligation Refunding Bonds (2011 GOs) in the amount of \$2,960,000 to refund a portion of the General Obligation Bonds, Election 1995, Series 2002 and 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 economic 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 2011 GOs are due semi-annually on January 15 and July 15, and annual principal payments are due on July 15. Interest and principal amounts are payable from ad valorem property taxes levied by the City and collected by the County. At June 30, 2023, the total principal and interest remaining to be paid on the bonds were \$1,560,000 and \$75,526, respectively.

Annual debt service requirements for the bonds are as follow:

Year Ending June 30,	Principal	Interest
2024	\$ 320,000	\$ 39,900
2025	610,000	26,648
2026	630,000	8,978
Total	<u>\$ 1,560,000</u>	<u>\$ 75,526</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

5. LONG-TERM LIABILITIES, Continued

B. 2016 General Obligation Refunding Bonds

In December 2016, the City issued the 2016 General Obligation Refunding Bonds (2016 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 had an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$223,458. Interest payments on the 2016 GOs are due semi-annually on January 15 and July 15, an annual principal payments are due each July 15 through 2023. At June 30, 2023, the total principal and interest remaining to be paid on the bonds were \$230,000 and \$2,300, respectively.

Annual debt service requirements for the bonds are as follow:

Year Ending June 30,	Principal	Interest
2024	\$ 230,000	\$ 2,300
Total	<u>\$ 230,000</u>	<u>\$ 2,300</u>

C. Lease Liability (City Office)

On September 30, 2022, the City entered into a 7-year Lease Agreement as lessee of a site for City Offices. The City pays the landlord \$31,316 monthly with a 2% increase. An initial lease liability was recorded in the amount of \$2,578,099. As of June 30, 2023, the value of the lease liability is \$2,492,595. The City is required to make monthly payments of \$31,316 and increase annually by 2% in April of each year. The lease has an interest rate of 2%. The value of the right to use asset as of June 30, 2023 of \$2,609,415 with accumulated amortization of \$92,158 is included in the intangible assets on the capital assets activities table found in Note 4 above.

Annual debt service requirements for the lease is as follow:

Year Ending June 30,	Principal	Interest
2024	\$ 331,455	\$ 46,841
2025	345,778	40,082
2026	360,541	33,031
2027	375,750	25,682
2028	391,440	18,024
2029-2030	<u>687,632</u>	<u>12,152</u>
Total	<u>\$ 2,492,595</u>	<u>\$ 175,813</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

6. COMPENSATED ABSENCES PAYABLE

The City's compensated absences payable activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences payable	\$ 800,371	\$ 398,557	\$ (376,024)	\$ 822,904	\$ 164,581
Business-Type Activities:					
Compensated absences payable	57,802	32,332	(27,641)	62,493	\$ 12,499
	<u>\$ 858,173</u>	<u>\$ 430,889</u>	<u>\$ (403,665)</u>	<u>\$ 885,397</u>	<u>\$ 177,080</u>

7. RETIREMENT PLAN

Employee Retirement Defined Contribution Plan

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

Salary-Based Contribution System

The City makes monthly contributions to a 401a retirement plan (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 contributions by the same percentage.

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

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

The City's total payroll in fiscal year 2023 was approximately \$4,905,015. Contributions to the Plan totaled \$730,234 by the City and \$239,178 by individuals during the year.

The following summarizes transactions in the Plan for the year ended June 30, 2023:

Balance as of July 1, 2022	\$ 17,623,664
Contributions:	
Employer	730,234
Employee	239,178
Other additions, net	38,610
Disbursements, net	(347,503)
Earnings and dividends	89,209
Appreciation, net	1,951,079
Balance as of June 30, 2023	<u>\$ 20,324,471</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

7. RETIREMENT PLAN, Continued

Deferred Compensation Plan

All employees of the City are eligible to participate in a City sponsored deferred compensation plan (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(s) 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 Internal Revenue Code (adjusted for cost of living under Section 457(e)(15) of the Internal Revenue 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/her Participant Deferral Account.

The Employer will have the right at any time to terminate the 457 Plan by resolution of its governing board.

The following summarizes transactions in the 457 Plan for the year ended June 30, 2023:

Balance as of July 1, 2022	\$	11,879,950
Contributions		457,692
Disbursements		(293,696)
Earnings		163,135
Appreciation		1,163,330
Balance as of June 30, 2023	\$	<u>13,370,411</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. 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 (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 the OPEB Plan benefits by employee group as of June 30, 2023:

	<u>All Participants</u>
Benefit Types	Medical Only
Duration of Benefits	Lifetime
Required Service	10 Years
Minimum Age	59.5*
Dependent Coverage	None
Agency Contribution	100% of single Kaiser plan

*Changed effective 1/1/2020 from minimum age of 62 and employer contribution of 50% of single rate premium

For the measurement period ended June 30, 2022, the City's contribution to the OPEB Plan was \$96,968.

Employees Covered by Benefit Terms - Membership in the OPEB Plan consisted of the following at June 30, 2022, the measurement date:

Active employees	42
Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u>51</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

B. Net OPEB Liability

Actuarial Methods and Assumptions - The City's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	"Entry Age Actuarial Cost Method"
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Payroll Growth	2.75%
Investment Rate of Return	6.75%
Mortality Rate	Varies by age and sex
Healthcare Cost Trend Rate	4.00%

The underlying mortality assumptions were based on the Mortality Table of the 2017 CalPERS Active Mortality for Miscellaneous Employees and all other actuarial assumptions used in the June 30, 2022 valuation were based on the results of the 2017 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.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

B. Net OPEB Liability, Continued

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
All Equities	59%	7.5450
All Fixed Income	25%	4.2500
Real Estate Investment Trusts	8%	7.2500
All Commodities	3%	7.5450
Treasury Inflation Protected Securities (TIPS)	5%	3.0000
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. 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 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.

C. Changes in the Net OPEB Liability

The changes in the net OPEB liability during the measurement period were as follow:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021	\$ 1,308,396	\$ 529,671	\$ 778,725
Changes Recognized for the Measurement Period:			
Service cost	63,910	-	63,910
Interest on the total OPEB liability	89,657	(74,083)	163,740
Employer contributions to Trust	-	96,968	(96,968)
Employer contributions as benefit payments	(15,055)	(15,055)	-
Administrative expenses	-	(137)	137
Experience (gains)/losses	(168,904)	-	(168,904)
Net changes during July 1, 2021 to June 30, 2022	<u>(30,392)</u>	<u>7,693</u>	<u>(38,085)</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 1,278,004</u>	<u>\$ 537,364</u>	<u>\$ 740,640</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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 1-percentage point (1%) lower or higher than the current discount rate:

Net OPEB Liability		
Valuation		
1% Decrease	Discount Rate	1% Increase
\$ 913,404	\$ 740,640	\$ 597,236

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 1-percentage point (1%) lower or higher than the current healthcare cost trend rates:

Net OPEB Liability		
Valuation Healthcare		
1% Decrease	Cost Trend Rate	1% Increase
\$ 573,917	\$ 740,640	\$ 946,181

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$106,049.

At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 81,778	\$ -
Differences between actual and expected experience	4,833	225,075
Changes of assumptions	82,620	
Net differences between projected and actual earnings on plan investments	49,424	-
Total	\$ 218,655	\$ 225,075

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

8. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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

Deferred outflows of resources related to contributions subsequent to the measurement date but before the end of the reporting period in the amount of \$81,778 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2024	\$ (8,765)
2025	(9,097)
2026	(11,763)
2027	3,672
2028	(18,843)
Thereafter	(43,402)

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. FUND BALANCE AND NET POSITION

A. Fund Balance Classification

Detailed classifications of the City's fund balances as of June 30, 2023 include the following:

Classifications	General Fund	Streets and Signals	Capital Projects	Debt Service	Nonmajor Governmental	Total Governmental
Nonspendable:						
Prepaid Items	\$ 73,986	\$ 2,950	\$ 41	\$ -	\$ 2,662	\$ 79,639
Total Nonspendable	<u>73,986</u>	<u>2,950</u>	<u>41</u>	<u>-</u>	<u>2,662</u>	<u>79,639</u>
Restricted:						
Public Art In Lieu Fees	244,427	-	-	-	-	244,427
CalRecycle Grant	15,243	-	-	-	-	15,243
PEG Access	546,864	-	-	-	-	546,864
In Lieu Tree Program	186,564	-	-	-	-	186,564
Drainage Impact Fees	-	261,169	-	-	-	261,169
Walkways Impact Fees	-	221,865	-	-	-	221,865
Traffic Impact Fees	-	1,075,451	-	-	-	1,075,451
Public Safety	-	-	-	-	56,094	56,094
Low and Moderate Housing	-	-	-	-	2,111,779	2,111,779
Streets and Roads	-	-	-	-	1,207,112	1,207,112
Assessment Districts	-	-	-	-	1,077,648	1,077,648
Debt Service	-	-	-	450,279	-	450,279
Total Restricted	<u>993,098</u>	<u>1,558,485</u>	<u>-</u>	<u>450,279</u>	<u>4,452,633</u>	<u>7,454,495</u>
Committed:						
ARPA Programming	3,447,766	-	-	-	-	3,447,766
Palos Colorado Settlement	-	985,032	-	-	-	985,032
Reserve Emergency Contingency	500,000	-	-	-	-	500,000
Youth Committee	27,082	-	-	-	-	27,082
Environmental Task Force	3,200	-	-	-	-	3,200
Bikeways Plan Update	14,000	-	-	-	-	14,000
Stormwater Pollution	39,000	-	-	-	-	39,000
Public Art	3,144	-	-	-	-	3,144
Facility Maintenance	1,650,000	-	1,081,750	-	-	2,731,750
Vacation/Sick Liability	822,904	-	-	-	-	822,904
Parking	-	-	-	-	22,301	22,301
Senior Transportation	-	-	-	-	356,961	356,961
Traffic Calming	100,000	-	-	-	-	100,000
EMBUD Pathway	25,000	40,000	-	-	-	65,000
Planning/Engineering Vehicle Replacement	28,001	-	-	-	-	28,001
Police Vehicle Replacement/Transition	58,395	-	-	-	-	58,395
Computer Replacements	102,209	-	-	-	-	102,209
Other Capital Projects	220,000	735,042	6,064,134	-	-	7,019,176
Total Committed	<u>7,040,701</u>	<u>1,760,074</u>	<u>7,145,884</u>	<u>-</u>	<u>379,262</u>	<u>16,325,921</u>
Unassigned:						
Unassigned	9,566,816	2,203,429	-	-	(26,331)	11,743,914
Total Unassigned	<u>9,566,816</u>	<u>2,203,429</u>	<u>-</u>	<u>-</u>	<u>(26,331)</u>	<u>11,743,914</u>
Total Fund Balances	<u>\$ 17,674,601</u>	<u>\$ 5,524,938</u>	<u>\$ 7,145,925</u>	<u>\$ 450,279</u>	<u>\$ 4,808,226</u>	<u>\$ 35,603,969</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

9. FUND BALANCE AND NET POSITION, Continued

B. Net Position and Net Investment in Capital Assets

As described in Note 1, 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, 2023 the breakout of this calculation is as follows:

Total Capital Assets at June 30, 2023:		\$ 107,254,643
Less: Related Debts at June 30, 2023		
Long-term debt	\$ (4,282,595)	
Net Related Debt		<u>(4,282,595)</u>
Net Investment in Capital Assets		<u>\$ 102,972,048</u>

At June 30, 2023, the breakout of restricted and unrestricted net position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources:			
Cash and investments	\$ 38,802,243	\$ 1,831,017	\$ 40,633,260
Accounts and interest receivable	7,337,474	295,448	7,632,922
Other assets and deferred outflows of resources	<u>280,638</u>	<u>43,695</u>	<u>324,333</u>
Total assets and deferred outflows of resources	<u>46,420,355</u>	<u>2,170,160</u>	<u>48,590,515</u>
Liabilities and Deferred Inflows of Resources:			
Accounts payable and accrued liabilities	2,318,232	81,397	2,399,629
Refundable deposits	1,408,286	28,103	1,436,389
Other liabilities and deferred inflows of resources	<u>5,427,737</u>	<u>869,004</u>	<u>6,296,741</u>
Total liabilities and deferred inflows of resources	<u>9,154,255</u>	<u>978,504</u>	<u>10,132,759</u>
Net Position:			
Restricted	7,534,134	-	7,534,134
Unrestricted	<u>29,731,966</u>	<u>1,191,656</u>	<u>30,923,622</u>
Total restricted and unrestricted net position	<u>\$ 37,266,100</u>	<u>\$ 1,191,656</u>	<u>\$ 38,457,756</u>

10. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The below fund had expenditures in excess of appropriations for the year ended June 30, 2023. The fund had sufficient fund balances or revenues to finance these expenditures.

Fund	Excess of Expenditures Over Appropriations
General Fund	\$ 342,432
Special Revenue Fund	
Stormwater Pollution	84,025

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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	-
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 a significant amount.

The City did not record a liability for outstanding claims at June 30, 2023, as management believes that the claims were minimal.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

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.

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 measure in Contra Costa County distributed by the Contra Costa Transportation Authority. The school bus program is governed by a Joint Powers Authority called the Lamorinda School Bus Transportation Agency (LSBTA).

Complete financial statements of the LFFA and LSBTA are available at the City of Lafayette, 3675 Mt. Diablo Blvd., #210, Lafayette, CA 94549.

13. COMMITMENT AND CONTINGENT LIABILITIES

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

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

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

14. SERVICE CONCESSION ARRANGEMENT

The City of Lafayette entered into a service concession arrangement with the Lafayette Library and Learning Center Foundation (“Foundation”) on May 12, 2008. Per the agreement, the Foundation leases office space in the Lafayette Library and Learning Center (“Library”), which is owned by the City. The Foundation uses the office while it operates and manages the Glenn Seaborg Learning Consortium (“Consortium”), which is part of the Library, and provides financial support for Library programming, hours of operation, maintenance and collections pursuant to the arrangement. The Foundation submits an annual lease payment to the City based on Library common area maintenance and operational expenses, which vary year to year.

15. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES

A. *Redevelopment Dissolution*

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies as of January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 allowed three regulatory oversight authorities, the Successor Authority's Oversight Board, State Controller and Department of Finance (DOF), to review the former Authority's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency. The State Controller completed its review in April 2016. The City subsequently brought the asset transfer review to the Oversight Board. The transfer identified as required to be returned in the asset transfer review was made during FY 2016.

Effective January 31, 2012, all California redevelopment agencies were dissolved. Certain assets of the Authority's Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Authority assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City could elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on January 24, 2012, and on February 1, 2012 certain housing assets were transferred to the City's Housing Successor Special Revenue Fund.

Cash and investments of the Successor Agency are discussed in Note 2.

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

15. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,
Continued

B. Long-Term Debt

Tax Allocation Bonds and Loans

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds issued by the Redevelopment Agency. The Bonds are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Tax Allocation Bond and loan transactions were as follows:

	Original Issue Amount	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
Governmental Activities - Direct Borrowings:						
2014 Tax Allocation Refunding Bond	\$ 13,880,000	\$ 12,755,000	\$ -	\$ (465,000)	\$ 12,290,000	\$ 490,000
2015 Tax Allocation Refunding Bond	21,080,000	16,585,000	-	(700,000)	15,885,000	730,000
2015 TARB Series-premium	2,647,306	1,956,704	-	(115,100)	1,841,604	-
		<u>\$ 31,296,704</u>	<u>\$ -</u>	<u>\$ (1,280,100)</u>	<u>\$ 30,016,604</u>	<u>\$ 1,220,000</u>

2014 Tax Allocation Refunding Bonds

On August 1, 2014, the Successor Agency issued \$13,880,000 Series 2014 Tax Allocation Refunding Bonds. The bonds were issued to refund the 2002 Tax Allocation Bonds and 2008 Tax Allocation Bonds. The economic gain on refunding of these bonds was \$1,967,001.

The 2014 Tax Allocation Refunding Bonds mature annually starting August 1, 2014 through 2038, with installments ranging from \$25,000 to \$1,750,000. The interest on the bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 3.00% to 5.00%.

Pledged Revenues

The 2014 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues deposited into Redevelopment Property Tax Trust Fund.

Debt Service Requirements

Debt service requirements are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 490,000	\$ 590,150
2025	515,000	565,025
2026	535,000	538,775
2027	565,000	511,275
2028	595,000	485,250
2029-2033	3,370,000	1,988,925
2034-2038	4,470,000	1,184,000
2039-2043	1,750,000	43,750
Total	<u>\$ 12,290,000</u>	<u>\$ 5,907,150</u>

City of Lafayette
Notes to Basic Financial Statements
For the Year Ended June 30, 2023

15. RDA OBLIGATION RETIREMENT TRUST FUND (SUCCESSOR AGENCY) ACTIVITIES,
Continued

B. Long-Term Debt, Continued

2015 Tax Allocation Refunding Bonds

On August 1, 2015, the Successor Agency issued \$21,080,000 Series 2015 Tax Allocation Refunding Bonds. The bonds were issued to refund the 2005 Tax Allocation Bonds. The economic gain on refunding of these bonds was \$6,755,043.

The 2015 Tax Allocation Refunding Bonds mature annually starting August 1, 2016 through 2030, with installments ranging from \$455,000 to \$1,000,000. The interest on the bonds is payable semi-annually on each February 1 and August 1, with coupon rates ranging from 3.00% to 3.375%.

Pledged Revenues

The 2015 Tax Allocation Refunding Bonds of the Successor Agency are payable solely from and secured by tax revenues deposited into Redevelopment Property Tax Trust Fund.

Debt Service Requirements

Debt service requirements are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 730,000	\$ 725,238
2025	770,000	687,738
2026	810,000	648,238
2027	850,000	606,738
2028	890,000	563,238
2029-2033	5,025,000	2,273,856
2034-2038	6,115,000	802,375
2039-2043	695,000	17,350
Total	<u>\$ 15,885,000</u>	<u>\$ 6,324,771</u>

C. Commitments and Contingencies

State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) annually that contains all proposed expenditures for the subsequent one year period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. The obligations incurred by the Successor Agency were approved by the State in advance.

Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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City of Lafayette
Required Supplementary Information
For the Year Ended June 30, 2023

1. BUDGET AND BUDGETARY ACCOUNTING

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

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 6,366,882	\$ 6,357,546	\$ 6,706,088	\$ 348,542
Sales taxes	3,540,000	3,495,000	3,452,232	(42,768)
Other taxes	2,725,000	2,725,000	2,842,739	117,739
Charges for services	1,497,025	1,497,025	2,429,435	932,410
Intergovernmental	6,871,726	6,872,031	5,368,423	(1,503,608)
Licenses and permits	-	-	428,354	428,354
Fines, forfeitures and penalties	40,000	40,000	85,333	45,333
Use of money and property	241,500	319,500	68,822	(250,678)
Miscellaneous	1,086,857	1,086,857	439,673	(647,184)
Total revenues	22,368,990	22,392,959	21,821,099	(571,860)
EXPENDITURES:				
Current:				
City council, commissions, & community support	2,472,210	2,593,589	1,808,202	785,387
Police services	6,542,892	6,539,494	5,887,342	652,152
Public works	2,620,609	2,758,432	2,389,856	368,576
Library operations	1,101,770	1,101,770	1,015,447	86,323
Planning	1,106,322	1,105,776	1,056,190	49,586
Engineering	1,107,587	1,131,420	960,057	171,363
Administration	3,753,240	3,815,595	3,668,852	146,743
Capital outlay	857,521	1,269,172	3,793,306	(2,524,134)
Debt service:				
Principal	-	-	78,428	(78,428)
Total expenditures	19,562,151	20,315,248	20,657,680	(342,432)
REVENUES OVER (UNDER) EXPENDITURES	2,806,839	2,077,711	1,163,419	(914,292)
OTHER FINANCING SOURCES (USES):				
Other Financing Sources - leases	-	-	2,578,099	2,578,099
Transfers in	670,909	662,938	25,000	(637,938)
Transfers out	(4,743,657)	(5,104,403)	(4,170,353)	934,050
Total other financing sources (uses)	(4,072,748)	(4,441,465)	(1,567,254)	2,874,211
Net change in fund balances	\$ (1,265,909)	\$ (2,363,754)	(403,835)	\$ 1,959,919
FUND BALANCES:				
Beginning of year			18,078,436	
End of year			<u>\$ 17,674,601</u>	

City of Lafayette
Required Supplementary Information
For the year ended June 30, 2023

2. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years*

Agent Multiple Employer Plan

Measurement Date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Net OPEB Liability					
Service cost	\$ 63,910	\$ 58,840	\$ 27,216	\$ 24,253	\$ 23,604
Interest	89,657	(23,794)	26,351	41,003	38,107
Changes in benefit terms	-	-	482,778	-	-
Differences between actual and expected experience	(159,759)	-	6,501	(97,645)	-
Changes in assumptions	-	41,947	64,345	-	-
Employer contributions	(96,968)	(63,913)	(29,253)	(28,604)	(42,181)
Actual investment income	-	-	-	-	-
Expected investment income	(38,513)	-	-	(22,123)	(19,408)
Investment gains/losses	112,596	-	-	1,644	(1,890)
Administrative expense	137	146	169	68	500
Expected minus actual benefit payment	(9,145)	-	-	(6,110)	-
Net change in the net OPEB liability	(38,085)	13,226	578,107	(87,514)	(1,268)
Net OPEB liability - beginning	778,725	765,499	187,392	274,906	276,174
Net OPEB liability - ending (a)	\$ 740,640	\$ 778,725	\$ 765,499	\$ 187,392	\$ 274,906
Covered-employee payroll	\$ 4,769,984	\$ 4,470,262	\$ 4,461,464	\$ 4,348,658	\$ 4,169,379
Net OPEB liability as a percentage of covered-employee payroll	15.53%	17.42%	17.16%	4.31%	6.59%

Notes to Schedule:

* Fiscal year 2018 was the 1st year of implementation.

City of Lafayette
Required Supplementary Information
For the year ended June 30, 2023

2. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

B. Schedule of Contributions - Last 10 Years*

Agent Multiple Employer Plan

Fiscal Year Ended:	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 42,181
Contributions in relation to actuarially determined contributions	(96,968)	(63,913)	(45,646)	(29,253)	(28,604)
Contribution deficiency (excess)	<u>\$ (96,968)</u>	<u>\$ (63,913)</u>	<u>\$ (45,646)</u>	<u>\$ (29,253)</u>	<u>\$ 13,577</u>
Covered-employee payroll	\$ 4,905,015	\$ 4,769,984	\$ 4,470,262	\$ 4,461,464	\$ 4,348,658
Contributions as a percentage of covered-employee payroll	1.98%	1.34%	1.02%	0.66%	0.66%

Notes to the schedule:

Methods and assumptions used to determine contribution rates:

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2017
Valuation date:	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2017
Actuarial assumptions:					
Discount rate	6.75%	6.75%	7.00%	2.75%	2.75%
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%
Payroll growth	2.75%	2.75%	2.75%	2.75%	3.00%
Investment rate of return	6.75%	6.75%	7.00%	5.00%	7.00%
Mortality rate	Varies by age and sex	Varies by age and sex	Varies by age and sex	Varies by age and sex	Varies by age and sex
Pre-retirement turnover	Varies based on length of service and may vary by other factors	Varies based on length of service and may vary by other factors	Varies based on length of service and may vary by other factors	Varies based on length of service and may vary by other factors	Varies based on length of service and may vary by other factors

* Fiscal year 2018 was the 1st year of implementation.

SUPPLEMENTARY INFORMATION

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City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Streets and Signals Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Other taxes	\$ 1,104,708	\$ 1,104,708	\$ 1,122,391	\$ 17,683
Charges for services	120,000	120,000	137,645	17,645
Intergovernmental	60,000	547,000	232,499	(314,501)
Use of money and property	10,000	10,000	87,590	77,590
Miscellaneous	-	-	418,132	418,132
Total revenues	1,294,708	1,781,708	1,998,257	216,549
EXPENDITURES:				
Current:				
Engineering	732,351	723,591	462,096	261,495
Capital outlay	5,974,100	8,492,685	3,536,823	4,955,862
Debt service:				
Principal	-	-	8,230	(8,230)
Total expenditures	6,706,451	9,216,276	4,007,149	5,209,127
REVENUES OVER (UNDER) EXPENDITURES	(5,411,743)	(7,434,568)	(2,008,892)	5,425,676
OTHER FINANCING SOURCES (USES):				
Transfers in	5,034,842	3,657,851	1,569,156	(2,088,695)
Total other financing sources (uses)	5,034,842	3,657,851	1,569,156	(2,088,695)
Net change in fund balances	\$ (376,901)	\$ (3,776,717)	(439,736)	\$ 3,336,981
FUND BALANCES:				
Beginning of year			5,964,674	
End of year			<u>\$ 5,524,938</u>	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Projects Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 6,129,115	\$ 6,129,115	\$ 467,310	\$ (5,661,805)
Intergovernmental	194,000	194,000	194,112	112
Use of money and property	30,500	30,500	155,401	124,901
Total revenues	6,353,615	6,353,615	816,823	(5,536,792)
EXPENDITURES:				
Current:				
Parking services	-	200,000	50,086	149,914
Public works	85,564	85,564	66,648	18,916
Capital outlay	1,245,000	8,155,000	5,469,770	2,685,230
Total expenditures	1,330,564	8,440,564	5,586,504	2,854,060
REVENUES OVER (UNDER) EXPENDITURES	5,023,051	(2,086,949)	(4,769,681)	(2,682,732)
OTHER FINANCING SOURCES (USES):				
Transfers in	210,564	1,910,564	1,910,564	-
Transfers out	-	(947)	(947)	-
Total other financing sources (uses)	210,564	1,909,617	1,909,617	-
Net change in fund balances	\$ 5,233,615	\$ (177,332)	(2,860,064)	\$ (2,682,732)
FUND BALANCES:				
Beginning of year			10,005,989	
End of year			\$ 7,145,925	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Debt Service Fund

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 544,953	\$ 544,953	\$ 566,585	\$ 21,632
Total revenues	544,953	544,953	566,585	21,632
EXPENDITURES:				
Current:				
Administration	3,928	3,928	1,600	2,328
Debt service:				
Principal	535,000	535,000	535,000	-
Interest and fiscal charges	55,345	55,345	55,345	-
Total expenditures	594,273	594,273	591,945	2,328
REVENUES OVER (UNDER) EXPENDITURES	(49,320)	(49,320)	(25,360)	23,960
Net change in fund balances	\$ (49,320)	\$ (49,320)	(25,360)	\$ 23,960
FUND BALANCES:				
Beginning of year			475,639	
End of year			\$ 450,279	

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NONMAJOR GOVERNMENTAL FUNDS

The City maintains the following Other Governmental Funds:

Special Revenue Funds

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

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

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

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

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

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

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

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

Special Assessment Districts:

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

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

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

City of Lafayette
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			
	Parking Programs	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing
ASSETS				
Cash and investments	\$ 35,223	\$ 52,916	\$ 256,312	\$ 2,022,535
Accounts receivable	45,306	2,730	104,176	80,524
Interest receivable	373	241	1,302	8,889
Prepaid items	203	4	23	-
Other assets	180	-	-	-
Total assets	\$ 81,285	\$ 55,891	\$ 361,813	\$ 2,111,948
LIABILITIES, DEFERRED INFLOWS OF RESOURCE AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 9,671	\$ -	\$ 4,827	\$ 169
Due to other funds	38,400	-	-	-
Unearned revenue	10,710	-	2	-
Total liabilities	58,781	-	4,829	169
Deferred inflows of resources:				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Nonspendable	203	4	23	-
Restricted	-	55,887	-	2,111,779
Committed	22,301	-	356,961	-
Unassigned	-	-	-	-
Total fund balances	22,504	55,891	356,984	2,111,779
Total liabilities, deferred inflows of resources and fund balances	\$ 81,285	\$ 55,891	\$ 361,813	\$ 2,111,948

Special Revenue Funds

Road Maintenance & Rehabilitation	Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total Nonmajor Governmental Funds
				Street Lighting	Core Area Maintenance	Stormwater Pollution	
\$ 660,371	\$ 390,912	\$ -	\$ -	\$ 230,213	\$ 844,579	\$ 440,278	\$ 4,933,339
99,422	56,407	1,090,012	-	-	-	130,271	1,608,848
-	-	-	471	1,014	4,423	2,230	18,943
-	-	693	-	-	470	1,269	2,662
-	-	-	-	-	-	-	180
<u>\$ 759,793</u>	<u>\$ 447,319</u>	<u>\$ 1,090,705</u>	<u>\$ 471</u>	<u>\$ 231,227</u>	<u>\$ 849,472</u>	<u>\$ 574,048</u>	<u>\$ 6,563,972</u>
\$ -	\$ -	\$ 21,921	\$ -	\$ 1,902	\$ 52,930	\$ 31,182	\$ 122,602
-	-	28,281	264	-	-	272,467	339,412
-	-	-	-	-	216,879	-	227,591
-	-	50,202	264	1,902	269,809	303,649	689,605
-	-	1,066,141	-	-	-	-	1,066,141
-	-	1,066,141	-	-	-	-	1,066,141
-	-	693	-	-	470	1,269	2,662
759,793	447,319	-	207	229,325	579,193	269,130	4,452,633
-	-	-	-	-	-	-	379,262
-	-	(26,331)	-	-	-	-	(26,331)
<u>759,793</u>	<u>447,319</u>	<u>(25,638)</u>	<u>207</u>	<u>229,325</u>	<u>579,663</u>	<u>270,399</u>	<u>4,808,226</u>
<u>\$ 759,793</u>	<u>\$ 447,319</u>	<u>\$ 1,090,705</u>	<u>\$ 471</u>	<u>\$ 231,227</u>	<u>\$ 849,472</u>	<u>\$ 574,048</u>	<u>\$ 6,563,972</u>

City of Lafayette

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2023

	Special Revenue Funds			
	Parking Programs	Vehicle Abatement	Senior Transportation	Low and Moderate Income Housing
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Other taxes	-	-	-	-
Charges for services	163,860	-	12,673	-
Intergovernmental	-	-	213,478	-
Licenses and permits	25,204	-	-	-
Fines, forfeitures and penalties	156,666	8,776	-	-
Use of money and property	4,100	751	1,725	26,475
Miscellaneous	8,990	-	8,993	80,524
Total revenues	358,820	9,527	236,869	106,999
EXPENDITURES:				
Current:				
Police services	-	8,231	-	-
Parking services	453,321	-	-	-
Public works	-	-	-	-
Senior transportation	-	-	165,689	-
Planning	-	-	-	266
Capital outlay	32,942	-	-	-
Debt service:				
Principal	376	-	-	-
Total expenditures	486,639	8,231	165,689	266
REVENUES OVER (UNDER) EXPENDITURES	(127,819)	1,296	71,180	106,733
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	40,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	40,000	-
Net change in fund balances	(127,819)	1,296	111,180	106,733
FUND BALANCES:				
Beginning of year	150,323	54,595	245,804	2,005,046
End of year	\$ 22,504	\$ 55,891	\$ 356,984	\$ 2,111,779

Special Revenue Funds							
Road Maintenance & Rehabilitation	Gas Tax	Measure J Return to Source	Supplemental Law Enforcement	Assessment Districts			Total Nonmajor Governmental Funds
				Street Lighting	Core Area Maintenance	Stormwater Pollution	
\$ -	\$ -	\$ -	\$ -	\$ 25,701	\$ 392,848	\$ 367,981	\$ 786,530
-	-	654,756	-	-	-	-	654,756
567,378	647,368	-	-	-	-	-	1,214,746
-	-	-	-	-	-	-	176,533
-	-	-	165,271	-	64,295	-	443,044
-	-	-	-	-	-	-	25,204
-	-	-	-	-	-	-	165,442
2,665	4,846	2,201	2,046	2,932	547	(450)	47,838
-	-	-	-	-	-	2,500	101,007
570,043	652,214	656,957	167,317	28,633	457,690	370,031	3,615,100
-	-	-	570,061	-	-	-	578,292
-	-	-	-	-	-	-	453,321
-	-	123,977	-	15,461	463,364	696,679	1,299,481
-	-	-	-	-	-	-	165,689
-	-	-	-	-	-	-	266
-	-	-	-	-	10,991	-	43,933
-	-	2,057	-	-	1,306	3,551	7,290
-	-	126,034	570,061	15,461	475,661	700,230	2,548,272
570,043	652,214	530,923	(402,744)	13,172	(17,971)	(330,199)	1,066,828
-	-	-	402,744	-	523,967	605,378	1,572,089
(58,041)	(626,383)	(191,085)	-	-	-	-	(875,509)
(58,041)	(626,383)	(191,085)	402,744	-	523,967	605,378	696,580
512,002	25,831	339,838	-	13,172	505,996	275,179	1,763,408
247,791	421,488	(365,476)	207	216,153	73,667	(4,780)	3,044,818
\$ 759,793	\$ 447,319	\$ (25,638)	\$ 207	\$ 229,325	\$ 579,663	\$ 270,399	\$ 4,808,226

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Parking Programs

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 235,000	\$ 206,200	\$ 163,860	\$ (42,340)
Licenses and permits	24,000	25,420	25,204	(216)
Fines, forfeitures and penalties	100,000	100,000	156,666	56,666
Use of money and property	-	-	4,100	4,100
Miscellaneous	5,500	38,400	8,990	(29,410)
Total revenues	364,500	370,020	358,820	(11,200)
EXPENDITURES:				
Current:				
Parking services	421,071	436,456	453,321	(16,865)
Capital outlay	45,000	100,146	32,942	67,204
Debt service:				
Principal	-	-	376	(376)
Total expenditures	466,071	536,602	486,639	49,963
REVENUES OVER (UNDER) EXPENDITURES	(101,571)	(166,582)	(127,819)	38,763
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(154,735)	-	(154,735)
Total other financing sources (uses)	-	(154,735)	-	(154,735)
Net change in fund balances	\$ (101,571)	\$ (321,317)	(127,819)	\$ (115,972)
FUND BALANCES:				
Beginning of year			150,323	
End of year			\$ 22,504	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Vehicle Abatement

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 11,500	\$ 11,500	\$ -	\$ (11,500)
Fines, forfeitures and penalties	-	-	8,776	8,776
Use of money and property	150	150	751	601
Total revenues	11,650	11,650	9,527	(2,123)
EXPENDITURES:				
Current:				
Police services	9,197	9,197	8,231	966
Total expenditures	9,197	9,197	8,231	966
REVENUES OVER (UNDER) EXPENDITURES	2,453	2,453	1,296	(1,157)
Net change in fund balances	\$ 2,453	\$ 2,453	1,296	\$ (1,157)
FUND BALANCES:				
Beginning of year			54,595	
End of year			<u>\$ 55,891</u>	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Senior Transportation

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Charges for services	\$ 12,500	\$ 12,500	\$ 12,673	\$ 173
Intergovernmental	110,000	110,000	213,478	103,478
Use of money and property	-	-	1,725	1,725
Miscellaneous	30,000	30,000	8,993	(21,007)
Total revenues	152,500	152,500	236,869	84,369
EXPENDITURES:				
Current:				
Senior transportation	214,024	214,224	165,689	48,535
Capital outlay	2,000	2,000	-	2,000
Total expenditures	216,024	216,224	165,689	50,535
REVENUES OVER (UNDER) EXPENDITURES	(63,524)	(63,724)	71,180	134,904
OTHER FINANCING SOURCES (USES):				
Transfers in	55,000	55,000	40,000	(15,000)
Total other financing sources (uses)	55,000	55,000	40,000	(15,000)
Net change in fund balances	\$ (8,524)	\$ (8,724)	111,180	\$ 119,904
FUND BALANCES:				
Beginning of year			245,804	
End of year			\$ 356,984	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Low and Moderate Housing

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 26,475	\$ 26,475
Miscellaneous	-	-	80,524	80,524
Total revenues	-	-	106,999	106,999
EXPENDITURES:				
Current:				
Planning	-	4,380	266	4,114
Total expenditures	-	4,380	266	4,114
REVENUES OVER (UNDER) EXPENDITURES	-	(4,380)	106,733	111,113
Net change in fund balances	\$ -	\$ (4,380)	106,733	\$ 111,113
FUND BALANCES:				
Beginning of year			2,005,046	
End of year			\$ 2,111,779	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Road Maintenance and Rehabilitation

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 510,000	\$ 510,000	\$ 567,378	\$ 57,378
Use of money and property	250	250	2,665	2,415
Total revenues	510,250	510,250	570,043	59,793
OTHER FINANCING SOURCES (USES):				
Transfers out	(700,000)	(758,041)	(58,041)	(700,000)
Total other financing sources (uses)	(700,000)	(758,041)	(58,041)	(700,000)
Net change in fund balances	\$ (189,750)	\$ (247,791)	512,002	\$ (640,207)
FUND BALANCES:				
Beginning of year			247,791	
End of year			\$ 759,793	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Gas Tax

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other taxes	\$ 744,944	\$ 744,944	\$ 647,368	\$ (97,576)
Use of money and property	1,000	1,000	4,846	3,846
Total revenues	745,944	745,944	652,214	(93,730)
OTHER FINANCING SOURCES (USES):				
Transfers out	(936,244)	(1,167,431)	(626,383)	541,048
Total other financing sources (uses)	(936,244)	(1,167,431)	(626,383)	541,048
Net change in fund balances	\$ (190,300)	\$ (421,487)	25,831	\$ 447,318
FUND BALANCES:				
Beginning of year			421,488	
End of year			\$ 447,319	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Measure J Return to Source

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Sales taxes	\$ 555,000	\$ 555,000	\$ 654,756	\$ 99,756
Use of money and property	1,000	1,000	2,201	1,201
Total revenues	556,000	556,000	656,957	100,957
EXPENDITURES:				
Current:				
Public works	126,444	127,110	123,977	3,133
Debt service:				
Principal	-	-	2,057	(2,057)
Total expenditures	126,444	127,110	126,034	1,076
REVENUES OVER (UNDER) EXPENDITURES	429,556	428,890	530,923	102,033
OTHER FINANCING SOURCES (USES):				
Transfers out	(498,598)	(1,038,732)	(191,085)	847,647
Total other financing sources (uses)	(498,598)	(1,038,732)	(191,085)	847,647
Net change in fund balances	\$ (69,042)	\$ (609,842)	339,838	\$ 949,680
FUND BALANCES:				
Beginning of year			(365,476)	
End of year			\$ (25,638)	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Supplemental Law Enforcement

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 155,000	\$ 155,000	\$ 165,271	\$ 10,271
Use of money and property	-	-	2,046	2,046
Total revenues	155,000	155,000	167,317	12,317
EXPENDITURES:				
Current:				
Police services	570,062	570,062	570,061	1
Total expenditures	570,062	570,062	570,061	1
REVENUES OVER (UNDER) EXPENDITURES	(415,062)	(415,062)	(402,744)	12,318
OTHER FINANCING SOURCES (USES):				
Transfers in	415,062	415,062	402,744	(12,318)
Total other financing sources (uses)	415,062	415,062	402,744	(12,318)
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			207	
End of year			<u>\$ 207</u>	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Street Lighting

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 23,328	\$ 23,328	\$ 25,701	\$ 2,373
Use of money and property	400	400	2,932	2,532
Total revenues	23,728	23,728	28,633	4,905
EXPENDITURES:				
Current:				
Public works	26,920	26,920	15,461	11,459
Total expenditures	26,920	26,920	15,461	11,459
REVENUES OVER (UNDER) EXPENDITURES	(3,192)	(3,192)	13,172	16,364
Net change in fund balances	\$ (3,192)	\$ (3,192)	13,172	\$ 16,364
FUND BALANCES:				
Beginning of year			216,153	
End of year			\$ 229,325	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Core Area Maintenance

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 346,577	\$ 371,772	\$ 392,848	\$ 21,076
Intergovernmental	-	-	64,295	64,295
Use of money and property	100	100	547	447
Total revenues	346,677	371,872	457,690	85,818
EXPENDITURES:				
Current:				
Public works	566,249	557,421	463,364	94,057
Capital outlay	8,000	8,000	10,991	(2,991)
Debt service:				
Principal	-	-	1,306	(1,306)
Total expenditures	574,249	565,421	475,661	89,760
REVENUES OVER (UNDER) EXPENDITURES	(227,572)	(193,549)	(17,971)	175,578
OTHER FINANCING SOURCES (USES):				
Transfers in	292,518	700,163	523,967	(176,196)
Total other financing sources (uses)	292,518	700,163	523,967	(176,196)
Net change in fund balances	\$ 64,946	\$ 506,614	505,996	\$ (618)
FUND BALANCES:				
Beginning of year			73,667	
End of year			<u>\$ 579,663</u>	

City of Lafayette

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Stormwater Pollution

For the year ended June 30, 2023

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 360,000	\$ 360,000	\$ 367,981	\$ 7,981
Use of money and property	125	125	(450)	(575)
Miscellaneous	-	-	2,500	2,500
Total revenues	360,125	360,125	370,031	9,906
EXPENDITURES:				
Current:				
Public works	624,749	616,205	696,679	(80,474)
Debt service:				
Principal	-	-	3,551	(3,551)
Total expenditures	624,749	616,205	700,230	(84,025)
REVENUES OVER (UNDER) EXPENDITURES	(264,624)	(256,080)	(330,199)	(74,119)
OTHER FINANCING SOURCES (USES):				
Transfers in	229,604	697,977	605,378	(92,599)
Total other financing sources (uses)	229,604	697,977	605,378	(92,599)
Net change in fund balances	\$ (35,020)	\$ 441,897	275,179	\$ (166,718)
FUND BALANCES:				
Beginning of year			(4,780)	
End of year			<u>\$ 270,399</u>	

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.

CUSTODIAL 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

Combining Statement of Fiduciary Net Position

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund

June 30, 2023

	Redevelopment Agency	Redevelopment Debt Service	Total
ASSETS			
Cash and investments	\$ 373,310	\$ 20,994	\$ 394,304
Restricted cash and investments held by fiscal agents	-	1,923,331	1,923,331
Total assets	373,310	1,944,325	2,317,635
LIABILITIES			
Accounts payable	\$ 319,314	\$ -	\$ 319,314
Interest payable	-	560,764	560,764
Long-term debt - due in less than one year	-	1,220,000	1,220,000
Long-term debt - due in more than one year	-	28,796,604	28,796,604
Total liabilities	319,314	30,577,368	30,896,682
NET POSITION			
Held in trust for private purposes	53,996	(28,633,043)	(28,579,047)
Total Net Position	\$ 53,996	\$ (28,633,043)	\$ (28,579,047)

City of Lafayette

Combining Statement of Changes in Fiduciary Net Position

Successor Agency to the Redevelopment Agency Private Purpose Trust Fund

For the year ended June 30, 2023

	Redevelopment Agency	Redevelopment Debt Service	Total
ADDITIONS:			
Property taxes	\$ 2,897,320	\$ -	\$ 2,897,320
Use of money and property	-	30,230	30,230
Total additions	2,897,320	30,230	2,927,550
DEDUCTIONS:			
Administration expenses	250,000	-	250,000
Contractual services	(7,842)	-	(7,842)
Interest expense and fiscal charges	-	1,235,644	1,235,644
Total deductions	242,158	1,235,644	1,477,802
Change in net position	89,274	1,360,474	1,449,748
NET POSITION:			
Beginning of year, as restated	(35,278)	(29,993,517)	30,028,795
End of year	\$ 53,996	\$ (28,633,043)	\$ 31,478,543

City of Lafayette
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Lamorinda Fee and Financing Authority	Lamorinda School Bus Transportation Agency	Total Custodial Funds
ASSETS			
Cash and investments	\$ 1,594,559	\$ 2,318,725	\$ 3,913,284
Receivables:			
Accounts	41,133	145,203	186,336
Interest	6,978	13,417	20,395
Prepaid items	-	11,117	11,117
Other assets	-	1,073	1,073
Total assets	1,642,670	2,489,535	4,132,205
LIABILITIES			
Unearned revenue	-	555,134	555,134
Compensated absences	-	14,228	14,228
Total liabilities	-	569,772	569,772
NET POSITION			
Restricted for			
Individuals, organizations, and other governments	1,642,670	1,919,763	3,562,433
Total net position	\$ 1,642,670	\$ 1,919,763	\$ 3,562,433

City of Lafayette
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2023

	Lamorinda Fee and Financing Authority	Lamorinda School Bus Transportation Agency	Total Custodial Funds
ADDITIONS:			
Regional Fees passed through	\$ 96,198	\$ -	\$ 96,198
Participant fees	-	1,068,038	1,068,038
Grants and subsidies		1,703,817	1,703,817
Donation and gift		85	85
Use of money and property	20,220	31,428	51,648
Total additions	116,418	2,803,368	2,919,786
DEDUCTIONS:			
Administration expenses	-	232,477	232,477
Contractual services	1,382	2,257,550	2,258,932
Total deductions	1,382	2,490,027	2,491,409
Net increase (decrease) in fiduciary net position	115,036	313,341	428,377
NET POSITION:			
Beginning of year	1,527,634	1,606,422	3,134,056
End of year	\$ 1,642,670	\$ 1,919,763	\$ 3,562,433

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Lafayette's annual comprehensive 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 condition.

Contents

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.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenues source, the property tax.

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 issues additional debt in the future.

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.

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.

**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	
2014	\$ 3,609,626	\$ 179,938	\$ 533,050	
2015	4,643,362	751,836	893,741	
2016	4,415,302	907,697	619,102	
2017	4,294,281	992,416	2,217,522	
2018	4,340,132	771,828	466,273	
2019	4,933,365	1,015,748	432,079	
2020	5,969,049	1,128,962	1,538,501	
2021	3,735,550	1,435,533	782,418	
2022	4,783,650	3,017,636	908,866	
2023	2,621,583	3,240,591	913,413	

Source: City of Lafayette Finance Department.

General Revenues

Taxes	Motor Vehicle In Lieu	Unrestricted Investment Earnings	Other	Total
\$ 11,590,265	\$ 2,176,084	\$ 149,827	\$ 1,963,638	\$ 20,202,428
12,411,033	2,343,990	212,167	493,248	21,749,377
13,948,404	2,523,771	269,718	255,721	22,939,715
13,582,314	2,706,631	352,494	952,764	25,098,422
13,803,131	2,863,491	407,827	758,202	23,410,884
13,812,186	3,031,410	599,664	640,151	24,464,603
14,754,117	3,228,411	1,294,025	257,440	28,170,505
14,944,965	3,391,221	93,023	648,503	25,031,213
16,465,255	3,542,984	(1,284,060)	696,940	28,131,271
17,424,148	3,819,688	295,564	610,956	28,925,943

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

Fiscal Year	City Council, Commissions & Community Support	Police Services	Public Works	Infrastructure
2014	\$ 1,262,843	\$ 3,987,257	\$ 2,475,665	\$ 4,649,195
2015 **	1,207,205	5,272,182	2,053,516	-
2016	1,358,648	5,321,731	2,238,759	-
2017	1,336,345	5,455,796	3,148,160	-
2018	1,287,941	5,693,891	3,330,799	-
2019	1,324,124	5,986,121	2,795,505	-
2020	1,209,780	6,185,450	3,428,740	-
2021	1,435,924	6,237,064	3,520,907	-
2022	2,886,658	6,662,552	4,739,819	-
2023	1,808,202	6,691,970	4,661,571	-

Source: City of Lafayette Finance Department.

* 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.

Planning & Engineering	Administration ***	Debt Service	Other *	Recreation Programs	Total
\$ 841,799	\$ 3,815,040	\$ 271,508	\$ 1,093,381	\$ 1,064,898	\$ 19,461,586
6,691,105	2,064,648	252,475	1,297,309	1,224,490	20,062,930
6,907,346	2,352,606	230,625	1,389,465	1,288,899	21,088,079
6,982,011	2,842,683	169,164	1,314,639	1,200,758	22,449,556
7,180,549	3,116,141	115,911	1,241,240	1,212,550	23,179,022
7,185,138	3,254,763	102,556	1,412,231	1,427,524	23,487,962
6,645,114	3,501,765	99,780	1,410,749	1,406,644	23,888,022
6,809,751	3,832,812	74,412	1,292,287	1,496,592	24,699,749
6,902,514	3,131,278	62,142	1,389,991	1,558,349	27,333,303
8,362,314	3,765,451	62,044	1,684,543	1,981,608	29,017,703

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

Fiscal Year	Taxes	Parking	Intergovernmental	Charges for Services	Licenses and Permits
2014	\$13,766,347	\$ 242,324	\$ 712,989	\$ 1,478,690	\$ -
2015*	14,755,023	-	977,321	2,731,507	295,426
2016	15,847,961	-	761,625	2,594,541	351,820
2017	13,284,919	-	5,294,517	2,697,602	334,014
2018	13,979,431	-	3,519,372	2,088,499	648,442
2019	14,827,842	-	3,333,879	3,675,391	425,878
2020	14,754,116	-	3,656,898	4,617,165	413,897
2021	14,944,965	-	4,823,202	2,537,873	479,708
2022	16,456,336	-	6,082,898	4,657,172	568,214
2023	17,346,067	-	6,238,078	3,210,923	453,558

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.

Fines, Forfeitures & Penalties	Use of Money and Property	Developer Fees	Miscellaneous	Total Revenues
\$ 371,372	\$ 182,394	\$ 416,968	\$ 1,931,070	\$ 19,102,154
316,406	212,167	-	1,161,504	20,449,354
251,721	301,157	-	1,689,390	21,798,215
270,038	380,977	-	1,579,554	23,841,621
265,379	435,509	-	1,123,947	22,060,579
281,186	594,171	-	388,445	23,526,792
187,178	1,244,299	-	1,834,611	26,708,164
97,305	92,686	-	619,100	23,594,839
220,882	(1,216,345)	-	788,814	27,557,971
250,775	359,651	-	958,812	28,817,864

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

Fiscal Year	Property	Sales & Use	Transient Occupancy	Franchise
2014	\$ 5,102,514	\$ 2,756,952	\$ 630,576	\$ 1,664,512
2015	5,427,316	2,876,935	701,718	1,836,029
2016	5,722,675	3,193,914	745,707	2,165,762
2017	5,929,562	3,008,076	733,429	2,222,040
2018	6,280,832	3,026,925	732,816	2,382,933
2019	6,542,501	3,184,917	777,788	2,385,251
2020	6,887,526	2,860,285	551,187	2,497,546
2021	7,093,222	2,849,976	263,680	2,534,504
2022	7,429,712	3,373,804	703,833	2,636,477
2023	8,059,203	3,452,232	816,536	2,759,443
Change 2014-2023	57.9%	25.2%	29.5%	65.8%

Source: City of Lafayette Finance Department

<u>Property Transfer</u>	<u>Road Maintenance & Rehabilitation</u>	<u>Highway Users</u>	<u>Measure J</u>	<u>Total Revenues</u>
\$ 292,045	\$ -	\$ 744,128	\$ 399,536	\$ 11,590,263
349,633	-	703,594	515,808	12,411,033
333,647	-	553,383	609,103	13,324,191
379,208	-	484,029	528,575	13,284,919
333,597	147,655	541,701	532,972	13,979,431
386,626	430,608	535,103	585,048	14,827,842
287,411	459,039	609,625	601,498	14,754,117
555,738	511,461	568,324	568,060	14,944,965
613,648	511,111	606,321	581,430	16,456,336
389,152	567,378	647,367	654,756	17,346,067
33.3%	N/A	-13.0%	63.9%	49.7%

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

Fiscal Year	Council, Commissions, & Community Support	Police Services	Public Works	Planning & Engineering	Administration
2014	\$ 1,262,843	\$ 3,945,555	\$ 2,462,591	\$ 831,314	\$ 3,815,664
2015 *	1,198,457	5,056,410	2,210,055	1,871,739	2,070,041
2016	1,339,477	5,110,272	2,876,882	1,889,844	2,327,342
2017	1,346,360	5,232,949	2,982,644	1,918,701	2,789,757
2018	1,286,808	5,469,173	3,082,750	1,990,448	3,010,084
2019	1,392,241	5,791,710	2,653,190	1,906,902	3,254,763
2020	1,182,348	5,902,772	2,750,999	1,813,450	3,260,953
2021	1,394,972	5,897,347	2,858,699	1,968,969	3,522,830
2022	2,886,658	6,495,149	3,977,490	2,298,082	3,251,483
2023	1,808,202	6,465,634	3,755,985	2,478,609	3,670,452
Change 2014-2023	43.2%	63.9%	52.5%	198.2%	-3.8%

Source: City of Lafayette Finance Department.

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

<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Rent & Other Expenses</u>	<u>Insurance & Claims</u>	<u>Total</u>
\$ 5,838,737	\$ 731,525	\$ 798,936	\$ 181,460	\$ 19,868,625
4,898,679	732,338	1,297,314	-	19,335,033
3,737,470	730,168	1,384,181	-	19,395,636
9,016,524	3,632,235	1,309,925	-	28,229,095
4,255,567	598,393	1,232,695	-	20,925,918
3,965,049	595,038	1,412,231	-	20,971,124
3,574,148	596,779	1,348,246	-	20,429,695
4,736,591	589,886	1,129,470	-	22,098,764
6,479,865	592,773	1,349,517	-	27,331,017
12,843,832	684,293	1,684,543	-	33,391,550
120.0%	-6.5%	110.8%	-100.0%	68.1%

CITY OF LAFAYETTE

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Governmental activities:				
Invested in capital assets	\$ 99,272,004	\$ 99,751,041	\$ 99,141,344	\$ 103,942,613
Restricted	21,379,235	7,255,961	7,932,301	4,149,103
Unrestricted	6,680,700	23,081,608	24,796,206	26,382,458
Total governmental activities net position	<u>127,331,939</u>	<u>130,088,610</u>	<u>131,869,851</u>	<u>134,474,174</u>
Business-type activities:				
Unrestricted	315,532	361,531	432,688	477,652
Total business-type activities net position	<u>315,532</u>	<u>361,531</u>	<u>432,688</u>	<u>477,652</u>
Primary government:				
Invested in capital assets	99,272,004	99,751,041	99,141,344	103,942,613
Restricted	21,379,235	7,255,961	7,932,301	4,149,103
Unrestricted	6,996,232	23,443,139	25,228,894	26,860,110
Total primary government net position	<u>\$ 127,647,471</u>	<u>\$ 130,450,141</u>	<u>\$ 132,302,539</u>	<u>\$ 134,951,826</u>

Fiscal Year Ended June 30,

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 100,979,947	\$ 100,129,245	\$ 98,287,552	\$ 97,704,629	\$ 99,165,672	\$ 102,972,048
4,337,875	6,211,285	6,682,424	6,401,661	6,086,075	7,534,134
29,007,157	28,768,676	34,396,016	30,340,693	33,096,553	29,731,966
<u>134,324,979</u>	<u>135,109,206</u>	<u>139,365,992</u>	<u>134,446,983</u>	<u>138,348,300</u>	<u>140,238,148</u>
586,825	779,239	804,936	718,008	923,380	1,191,656
<u>586,825</u>	<u>779,239</u>	<u>804,936</u>	<u>718,008</u>	<u>923,380</u>	<u>1,191,656</u>
100,979,947	100,129,245	98,287,552	97,704,629	99,165,672	102,972,048
4,337,875	6,211,285	6,682,424	6,401,661	6,086,075	7,534,134
29,593,982	29,547,915	35,200,952	31,058,701	34,019,933	30,923,622
<u>\$ 134,911,804</u>	<u>\$ 135,888,445</u>	<u>\$ 140,170,928</u>	<u>\$ 135,164,991</u>	<u>\$ 139,271,680</u>	<u>\$ 141,429,804</u>

CITY OF LAFAYETTE

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

	Fiscal year ended June 30,			
	2014	2015	2016	2017
Expenses:				
Governmental activities:				
Council, commissions & community support	\$ 1,262,843	\$ 1,207,205	\$ 1,358,648	\$ 1,336,345
Police services	3,987,257	5,272,182	5,321,731	5,455,796
Public works	2,475,665	2,053,516	2,238,759	3,148,160
Infrastructure - depreciation	4,649,195	-	-	-
Planning & engineering	841,799	6,691,105	6,907,346	6,982,011
Administration	3,815,040	2,064,648	2,352,606	2,842,683
Interest & debt charges	271,508	252,475	230,625	169,164
Other	1,093,381	1,297,309	1,389,465	1,314,639
Total governmental activities expenses	18,396,688	18,838,440	19,799,180	21,248,798
Business-type activities:				
Recreation Programs	1,064,898	1,224,490	1,288,899	1,200,758
Total business-type activities expenses	1,064,898	1,224,490	1,288,899	1,200,758
Total primary government expenses	\$ 19,461,586	\$ 20,062,930	\$ 21,088,079	\$ 22,449,556
Program revenues:				
Governmental activities:				
Charges for services:				
Council, commissions & community support	\$ -	\$ -	\$ -	\$ -
Police services	637,454	154,260	129,316	101,073
Public works	-	84,729	84,173	92,998
Planning & engineering	1,871,901	2,593,636	2,329,312	2,210,929
Administration	-	14,648	18,118	18,722
Interest & debt charges	-	-	-	-
Other	-	496,066	465,089	570,258
Operating grants and contributions	179,938	751,836	907,697	992,416
Capital grants and contributions	533,050	893,741	619,102	2,217,522
Total governmental activities program revenues	3,222,343	4,988,916	4,552,807	6,203,918
Business-type activities:				
Charges for services:				
Recreation programs	1,100,271	1,300,023	1,389,294	1,300,301
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,100,271	1,300,023	1,389,294	1,300,301

Fiscal year ended June 30,

2018	2019	2020	2021	2022	2023
\$ 1,287,941	\$ 1,324,124	\$ 1,209,780	\$ 1,435,924	\$ 2,886,658	\$ 1,808,202
5,693,891	5,986,121	6,185,450	6,237,064	6,662,552	6,691,970
3,330,799	2,795,505	3,428,740	3,520,907	4,739,819	4,661,571
-	-	-	-	-	-
7,180,549	7,185,138	6,645,114	6,809,751	6,902,514	8,362,314
3,116,141	3,254,763	3,501,765	3,832,812	3,131,278	3,765,451
115,911	102,556	99,780	74,412	62,142	62,044
1,241,240	1,412,231	1,410,749	1,292,287	1,389,991	1,684,543
21,966,472	22,060,438	22,481,378	23,203,157	25,774,954	27,036,095
1,212,550	1,427,524	1,406,644	1,496,592	1,558,349	1,981,608
1,212,550	1,427,524	1,406,644	1,496,592	1,558,349	1,981,608
\$ 23,179,022	\$ 23,487,962	\$ 23,888,022	\$ 24,699,749	\$ 27,333,303	\$ 29,017,703

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
106,127	86,141	76,958	43,628	48,248	48,176
87,899	76,528	77,836	62,122	58,450	64,086
2,208,041	2,483,142	3,792,025	1,991,030	4,295,180	2,083,838
20,704	20,012	10,005	3,320	6,484	15,438
-	-	-	-	-	-
567,056	623,097	565,826	196,123	375,288	410,045
771,828	1,015,748	1,128,962	1,435,533	3,017,636	3,240,591
466,273	432,079	1,538,501	782,418	908,866	913,413
4,227,928	4,736,747	7,190,113	4,514,174	8,710,152	6,775,587

1,350,305	1,644,445	1,446,399	1,439,327	1,805,932	2,256,660
-	-	-	-	-	-
-	-	-	-	-	-
1,350,305	1,644,445	1,446,399	1,439,327	1,805,932	2,256,660

CITY OF LAFAYETTE

CHANGES IN NET POSITION, Continued

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

	Fiscal year ended June 30,			
	2014	2015	2016	2017
Net revenues (expenses)				
Governmental activities:	\$ (15,174,345)	\$ (13,849,524)	\$ (15,246,373)	\$ (15,044,880)
Business-type activities:	35,373	75,533	100,395	99,543
Total primary government net expense	<u>\$ (15,138,972)</u>	<u>\$ (13,773,991)</u>	<u>\$ (15,145,978)</u>	<u>\$ (14,945,337)</u>
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property tax and assessments	\$ 5,102,515	\$ 5,427,316	\$ 6,346,889	\$ 6,226,957
Sales tax	3,156,488	3,392,743	3,803,017	3,536,651
Franchise tax	1,664,512	1,836,029	2,165,761	2,222,040
Transient occupancy tax	630,576	701,718	745,707	733,429
Vehicle code fines	N/A	-	-	-
Motor vehicle in lieu tax	2,176,084	2,343,990	2,523,771	2,706,631
Highway users tax	744,129	703,594	553,383	484,029
Transfer tax	292,045	349,633	333,647	379,208
Parking revenues	N/A	-	-	-
Investment income	149,827	212,167	269,718	352,494
Other	1,963,638	493,248	255,721	952,764
Transfers in	30,000	30,000	30,000	55,000
Total governmental activities	<u>15,909,814</u>	<u>15,490,438</u>	<u>17,027,614</u>	<u>17,649,203</u>
Special Item - Adjustment to Loans Receivable	-	-	-	-
Business-type activities:				
Investment income	583	466	762	421
Transfers in	(30,000)	(30,000)	(30,000)	(55,000)
Total business-type activities	<u>(29,417)</u>	<u>(29,534)</u>	<u>(29,238)</u>	<u>(54,579)</u>
Total primary government changes in net position				
Governmental activities:	735,469	1,640,914	1,781,241	2,604,323
Business-type activities:	5,956	45,999	71,157	44,964
Total primary government	<u>\$ 741,425</u>	<u>\$ 1,686,913</u>	<u>\$ 1,852,398</u>	<u>\$ 2,649,287</u>

Fiscal year ended June 30,

2018	2019	2020	2021	2022	2023
\$ (17,738,544)	\$ (17,323,691)	\$ (15,291,265)	\$ (18,688,983)	\$ (17,064,802)	\$ (20,260,508)
137,755	216,921	39,755	(57,265)	247,583	275,052
<u>\$ (17,600,789)</u>	<u>\$ (17,106,770)</u>	<u>\$ (15,251,510)</u>	<u>\$ (18,746,248)</u>	<u>\$ (16,817,219)</u>	<u>\$ (19,985,456)</u>
\$ 6,280,834	\$ 6,542,501	\$ 6,887,526	\$ 7,093,222	\$ 7,429,712	\$ 8,059,204
3,559,897	3,184,917	3,461,783	3,418,036	3,964,153	4,185,067
2,382,933	2,385,251	2,497,546	2,534,504	2,636,477	2,759,443
732,816	777,788	551,187	263,680	703,833	816,536
-	-	-	-	-	-
2,863,491	3,031,410	3,228,411	3,391,221	3,542,984	3,819,688
513,054	535,103	1,068,664	1,079,785	1,117,432	1,214,746
333,597	386,626	287,411	555,738	613,648	389,152
-	-	-	-	-	-
407,827	594,171	1,278,083	92,686	(1,284,060)	295,564
758,202	640,151	257,440	648,503	666,940	580,956
30,000	30,000	30,000	30,000	30,000	30,000
<u>17,862,651</u>	<u>18,107,918</u>	<u>19,548,051</u>	<u>19,107,375</u>	<u>19,421,119</u>	<u>22,150,356</u>
-	-	-	(5,337,401)	-	-
1,418	5,493	15,942	337	(12,211)	23,224
<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>
<u>(28,582)</u>	<u>(24,507)</u>	<u>(14,058)</u>	<u>(29,663)</u>	<u>(42,211)</u>	<u>(6,776)</u>
124,107	784,227	4,256,786	(4,919,009)	2,356,317	1,889,848
109,173	192,414	25,697	(86,928)	205,372	268,276
<u>\$ 233,280</u>	<u>\$ 976,641</u>	<u>\$ 4,282,483</u>	<u>\$ (5,005,937)</u>	<u>\$ 2,561,689</u>	<u>\$ 2,158,124</u>

CITY OF LAFAYETTE

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
General fund:				
Nonspendable	\$ 6,073,032	\$ 6,086,362	\$ 6,154,010	\$ 6,163,882
Restricted	6,280	23,110	143,431	299,472
Committed	3,191,939	3,117,955	2,797,600	3,497,362
Assigned	-	-	-	-
Unassigned	6,804,724	8,267,328	9,766,041	9,522,320
Total general fund	<u>\$ 16,075,975</u>	<u>\$ 17,494,755</u>	<u>\$ 18,861,082</u>	<u>\$ 19,483,036</u>
All other governmental funds:				
Nonspendable	\$ 2,211,773	\$ 1,209	\$ 1,000	\$ -
Restricted	2,973,306	7,254,752	9,083,166	5,221,774
Committed	7,545,361	6,315,777	5,553,824	6,919,098
Assigned	-	-	-	-
Unassigned	-	-	-	(402,310)
Total all other governmental funds	<u>\$ 12,730,440</u>	<u>\$ 13,571,738</u>	<u>\$ 14,637,990</u>	<u>\$ 11,738,562</u>

Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	2023
\$ 6,244,576	\$ 5,220,713	\$ 5,405,664	\$ 81,698	\$ 92,797	\$ 73,986
227,160	353,276	605,690	711,388	923,416	993,098
3,809,563	3,253,187	3,323,161	3,603,524	5,876,028	7,040,701
-	-	-	-	-	-
9,560,743	10,896,915	12,788,415	13,734,982	11,186,195	9,566,816
<u>\$ 19,842,042</u>	<u>\$ 19,724,091</u>	<u>\$ 22,122,930</u>	<u>\$ 18,131,592</u>	<u>\$ 18,078,436</u>	<u>\$ 17,674,601</u>
\$ 529	\$ 3,592	\$ 3,661	\$ 3,726	\$ 4,271	\$ 5,653
4,944,625	10,126,001	6,077,783	5,690,273	4,884,707	6,461,397
9,596,308	5,974,282	13,937,303	14,504,772	15,496,223	9,285,220
-	-	-	-	-	-
-	-	(5,242)	(5,254)	(894,081)	2,177,098
<u>\$ 14,541,462</u>	<u>\$ 16,103,875</u>	<u>\$ 20,013,505</u>	<u>\$ 20,193,517</u>	<u>\$ 19,491,120</u>	<u>\$ 17,929,368</u>

CITY OF LAFAYETTE

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

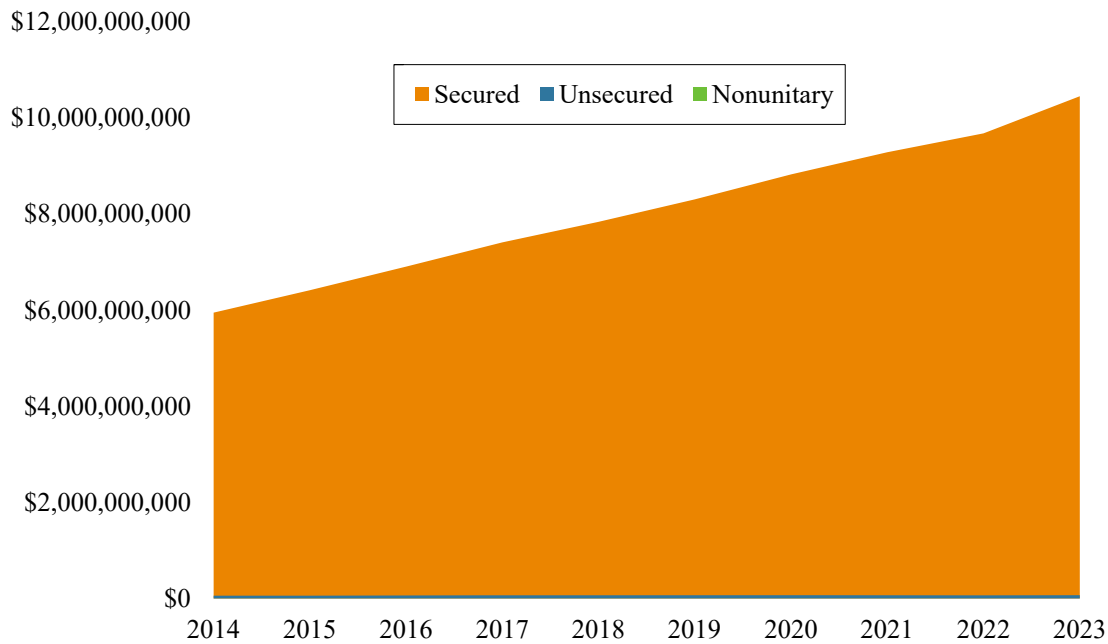
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2014	2015	2016	2017
Revenues:				
Taxes	\$ 13,766,347	\$ 14,755,023	\$ 15,847,961	\$ 13,284,919
Charges for services	1,478,690	2,731,507	2,594,541	2,697,602
Intergovernmental	712,989	977,321	761,625	5,294,517
Licenses and permits	-	295,426	351,820	334,014
Fines and forfeitures	371,372	316,406	251,721	270,038
Use of money and property	182,394	212,167	301,157	380,977
Parking	242,324	-	-	-
Developer fees	416,968	-	-	-
Miscellaneous	1,931,070	1,161,504	1,689,390	1,579,554
Total revenues	<u>19,102,154</u>	<u>20,449,354</u>	<u>21,798,215</u>	<u>23,841,621</u>
Expenditures				
Current:				
Council, commissions & community support	1,262,843	1,198,457	1,339,477	1,346,360
Police services	3,945,555	5,056,410	5,110,272	5,232,949
Public works	2,462,591	2,210,055	2,876,882	2,982,644
Planning & Engineering	831,314	1,871,739	1,889,844	1,918,701
Administration	3,815,664	2,070,041	2,327,342	2,789,757
Capital projects	5,838,737	4,898,679	3,737,470	9,016,524
Debt service				
Principal	450,000	470,000	490,000	3,394,767
Interest	281,525	262,338	240,168	237,468
Rent & other expenses	798,936	1,297,314	1,384,181	1,309,925
Insurance & claims	181,460	-	-	-
Total expenditures	<u>19,868,625</u>	<u>19,335,033</u>	<u>19,395,636</u>	<u>28,229,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(766,471)</u>	<u>1,114,321</u>	<u>2,402,579</u>	<u>(4,387,474)</u>
Other financing sources (uses):				
Other Financing Sources - leases	-	-	-	-
Transfers in	5,384,641	3,628,519	3,827,512	5,739,444
Transfers out	(5,354,641)	(3,598,519)	(3,797,512)	(5,684,444)
Proceeds from sales of capital assets	-	-	-	-
Proceeds from bonds	-	-	-	2,055,000
Total other financing sources (uses)	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>2,110,000</u>
Special Item				
Adjustment to loans receivable	-	-	-	-
Net change in fund balances	<u>\$ (736,471)</u>	<u>\$ 1,144,321</u>	<u>\$ 2,432,579</u>	<u>\$ (2,277,474)</u>
Debt service as a percentage of noncapital expenditures	5%	5%	5%	19%

Fiscal Year Ended June 30,

2018	2019	2020	2021	2022	2023
\$ 13,979,431	\$ 14,827,842	\$ 14,754,116	\$ 14,944,965	\$ 16,456,336	\$ 17,346,067
2,088,499	3,675,391	4,617,165	2,537,873	4,657,172	3,210,923
3,519,372	3,333,879	3,656,898	4,823,202	6,082,898	6,238,078
648,442	425,878	413,897	479,708	568,214	453,558
265,379	281,186	187,178	97,305	220,882	250,775
435,509	594,171	1,244,299	92,686	(1,216,345)	359,651
-	-	-	-	-	-
-	-	-	-	-	-
1,123,947	388,445	1,834,611	619,100	788,814	958,812
<u>22,060,579</u>	<u>23,526,792</u>	<u>26,708,164</u>	<u>23,594,839</u>	<u>27,557,971</u>	<u>28,817,864</u>
1,286,808	1,392,241	1,182,348	1,394,972	2,886,658	1,808,202
5,469,173	5,791,710	5,902,772	5,897,347	6,495,149	6,465,634
3,082,750	2,653,190	2,750,999	2,858,699	3,977,490	3,755,985
1,990,448	1,906,902	1,813,450	1,968,969	2,298,082	2,478,609
3,010,084	3,254,763	3,260,953	3,522,830	3,251,483	3,670,452
4,255,567	3,965,049	3,574,148	4,736,591	6,479,865	12,843,832
480,000	490,000	505,000	510,000	525,000	628,948
118,393	105,038	91,779	79,886	67,773	55,345
1,232,695	1,412,231	1,348,246	1,129,470	1,349,517	1,684,543
-	-	-	-	-	-
<u>20,925,918</u>	<u>20,971,124</u>	<u>20,429,695</u>	<u>22,098,764</u>	<u>27,331,017</u>	<u>33,391,550</u>
1,134,661	2,555,668	6,278,469	1,496,075	226,954	(4,573,686)
-	-	-	-	-	2,578,099
4,142,660	3,994,528	2,955,340	3,816,162	6,445,425	5,076,809
(4,112,660)	(3,964,528)	(2,925,340)	(3,786,162)	(6,415,425)	(5,046,809)
1,997,245	-	-	-	-	-
-	-	-	-	-	-
<u>2,027,245</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>2,608,099</u>
-	-	-	(5,337,401)	-	-
<u>\$ 3,161,906</u>	<u>\$ 2,585,668</u>	<u>\$ 6,308,469</u>	<u>\$ (3,811,326)</u>	<u>\$ 256,954</u>	<u>\$ (1,965,587)</u>
4%	3%	4%	3%	3%	3%

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



Fiscal Year ended June 30	Secured	Unsecured	Nonunitary	Taxable Assessed Value*	Total Direct Rate
2014	5,949,707,469	57,918,585	650,940	\$6,008,276,994	0.08075
2015	6,416,076,847	57,781,280	991,026	\$6,474,849,153	0.07928
2016	6,907,551,196	64,879,026	991,026	\$6,973,421,248	0.07614
2017	7,411,943,234	65,184,095	991,026	\$7,478,118,355	0.07513
2018	7,840,571,147	65,892,315	991,026	\$7,907,454,488	0.07412
2019	8,307,745,104	66,885,813	1,101,140	\$8,375,732,057	0.07412
2020	8,826,825,036	70,693,734	1,101,140	\$8,898,619,910	0.07307
2021	9,288,812,067	66,092,425	1,101,140	\$9,356,005,632	0.07310
2022	9,681,498,398	65,260,165	1,101,140	\$9,747,859,703	0.07200
2023	10,455,715,134	67,528,447	1,241,216	\$10,524,484,797	0.07200

Source: Contra Costa County Assessor 2013/14 - 2022/23 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	Overlapping Rates**				
	City's Share of 1% Levy Per Prop 13*	Acalanes Union High School District	Bay Area Rapid Transit	Contra Costa Community College	East Bay Regional Park District
2014	0.06662	0.03610	0.00750	0.01330	0.00780
2015	0.06662	0.03500	0.00450	0.02520	0.00850
2016	0.06662	0.03320	0.00260	0.02200	0.00670
2017	0.06662	0.03230	0.00800	0.01200	0.00320
2018	0.06662	0.03250	0.00840	0.01140	0.00210
2019	0.06662	0.03230	0.00700	0.01100	0.00210
2020	0.06662	0.03260	0.01200	0.01880	0.00940
2021	0.06662	0.03270	0.01390	0.01610	0.00140
2022	0.06662	0.03360	0.00600	0.01760	0.00200
2023	0.06662	0.03250	0.01400	0.01620	0.00580

Source: Contra Costa County Assessor 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***
0.02670	0.01250	0.02550	0.02810	0.15750	0.08075
0.02410	0.01200	0.02320	0.02580	0.15830	0.07928
0.02090	0.00900	0.01900	0.02380	0.13720	0.07614
0.04370	0.00800	0.01650	0.02300	0.14670	0.07513
0.04190	0.00700	0.01440	0.02180	0.13950	0.07412
0.04120	0.00700	0.01460	0.01950	0.13470	0.07412
0.04010	0.00600	0.07240	0.01830	0.20960	0.07307
0.03810	0.00600	0.06030	0.01710	0.18560	0.07310
0.02290	0.00500	0.06170	0.01600	0.16480	0.07200
0.02410	0.00500	0.05500	0.01460	0.16720	0.07201

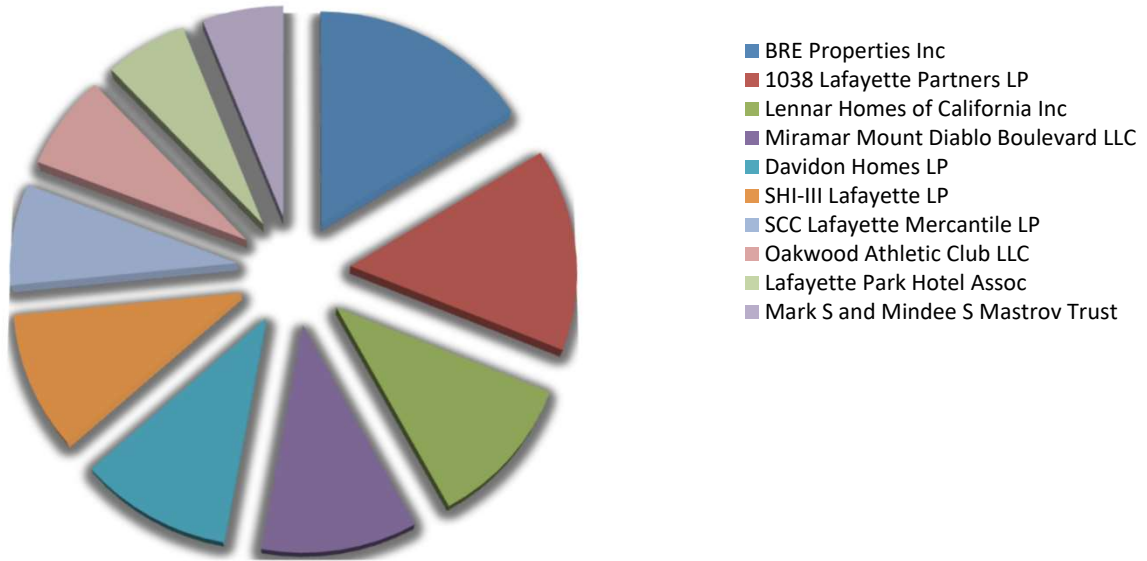
**CITY OF LAFAYETTE
 PRINCIPAL SALES TAX PRODUCERS
 FOR THE YEAR ENDED JUNE 30, 2023**

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

Source: MuniServices an Avenu Insights & Analytics Company

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



2023

<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	\$56,636,746	1	0.54%
1038 Lafayette Partners LP	Residential	52,224,498	2	0.50%
Lennar Homes of California Inc	Residential	37,990,759	3	0.36%
Miramar Mount Diablo Boulevard LLC	Commercial	37,527,070	4	0.36%
Davidon Homes LP	Vacant	36,874,102	5	0.35%
SHI-III Lafayette LP	Commercial	34,798,059	6	0.33%
SCC Lafayette Mercantile LP	Commercial	26,202,414	7	0.25%
Oakwood Athletic Club LLC	Recreational	24,627,946	8	0.23%
Lafayette Park Hotel Assoc	Commercial	21,178,152	9	0.20%
Mark S and Mindee S Mastrov Trust	Residential	20,867,849	10	0.20%
Total		\$348,927,595		3.32%

2022-2023 Assessed Valuation: \$10,524,484,797 **
 2013-2014 Assessed Valuation: \$6,008,276,994 **

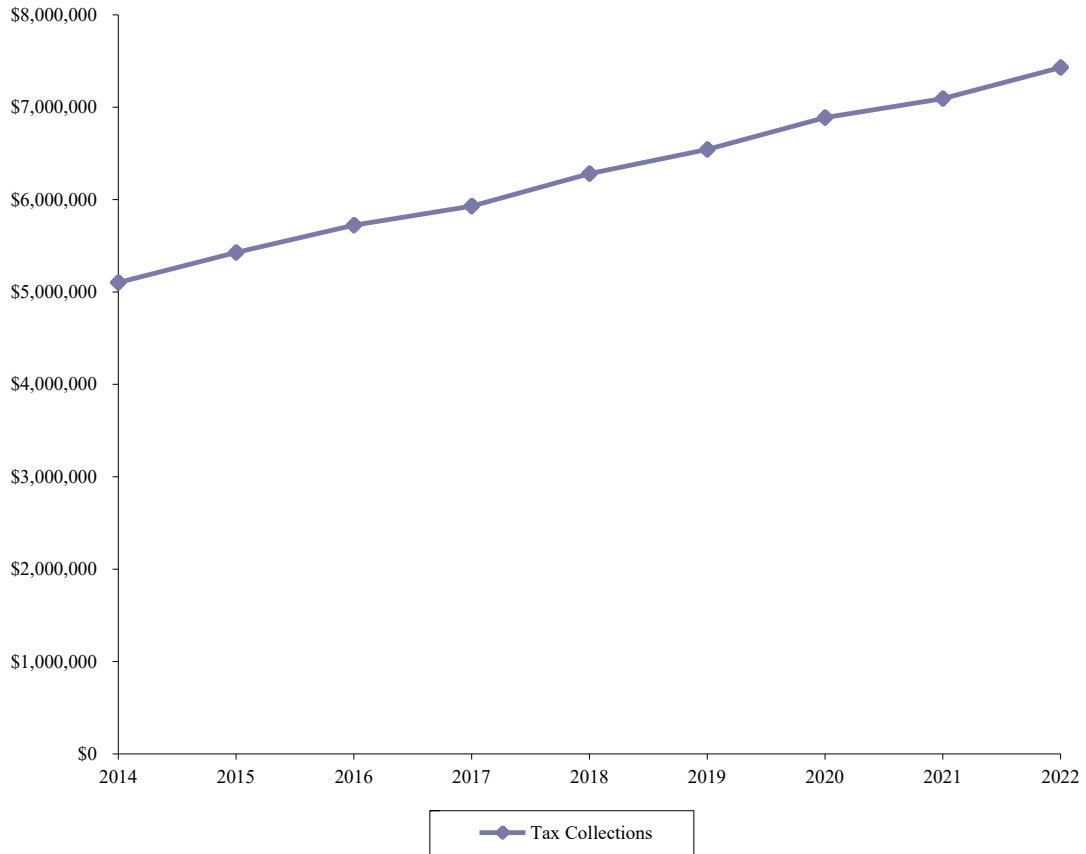
** Local Secured Assessed Valuation

Source: Contra Costa County Assessor 2022/23 Combined Tax Rolls and the SBE Non Unitary Tax Roll

2014

<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	\$50,182,999	1	0.84%
Cortese Properties LLC	Commercial	33,809,314	2	0.56%
Oakwood Athletic Club LLC	Miscellaneous	22,232,110	3	0.37%
SFI 3466 Mt Diablo Blvd LLC	Commercial	18,113,000	4	0.30%
Lafayette Park Hotel Associates	Commercial	17,901,350	5	0.30%
Bay Glen LP	Residential	16,930,053	6	0.28%
Brian E and Deanna Moore Trust	Residential	14,175,102	7	0.24%
KMF Contra Costa LLC	Residential	13,044,539	8	0.22%
Gray Horse Investors	Commercial	12,348,562	9	0.21%
Lafayette Terrace LLC	Commercial	10,805,000	10	0.18%
		<u>\$209,542,029</u>		<u>3.49%</u>

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



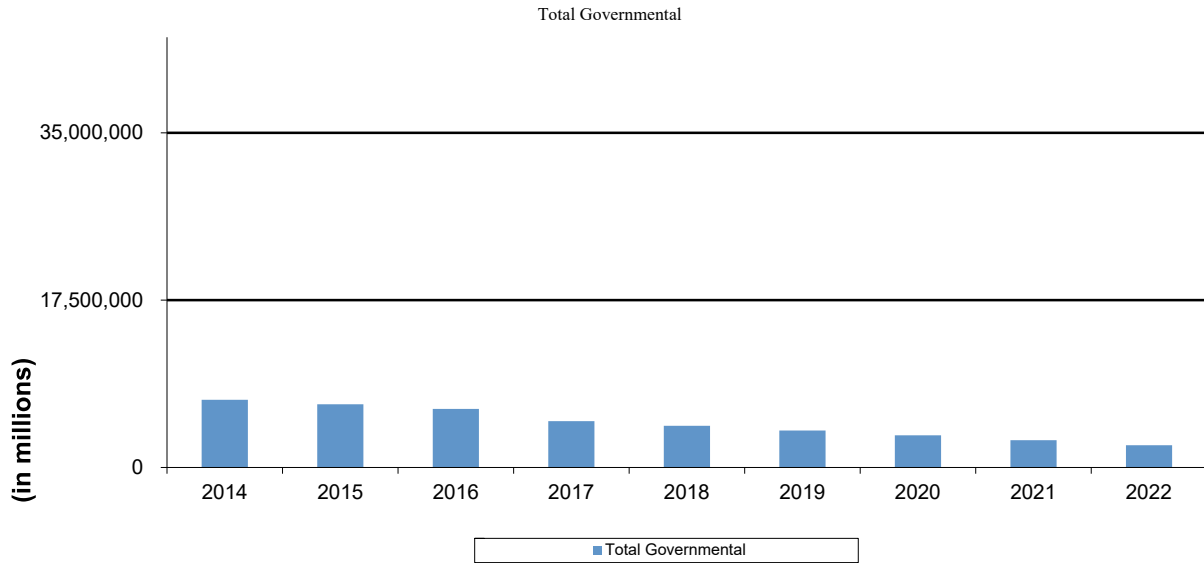
Fiscal Year ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Total Collections to Date	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2014	5,102,514	5,102,514	100.00%	5,102,514	100.00%
2015	5,427,316	5,427,316	100.00%	5,427,316	100.00%
2016	5,722,675	5,722,675	100.00%	5,722,675	100.00%
2017	5,929,562	5,929,562	100.00%	5,929,562	100.00%
2018	6,280,832	6,280,832	100.00%	6,280,832	100.00%
2019	6,542,501	6,542,501	100.00%	6,542,501	100.00%
2020	6,887,526	6,887,526	100.00%	6,887,526	100.00%
2021	7,093,222	7,093,222	100.00%	7,093,222	100.00%
2022	7,429,712	7,429,712	100.00%	7,429,712	100.00%
2023	8,059,203	8,059,203	100.00%	8,059,203	100.00%

Source: Contra Costa County Assessor

CITY OF LAFAYETTE

RATIOS OF DEBT OUTSTANDING

LAST TEN FISCAL YEARS



Fiscal Year Ended <u>June 30</u>	<u>Outstanding Debt</u>		Percent of Assessed <u>Value</u>	Percent of Personal <u>Income</u>	Per <u>Capita</u>
	General Obligation				
	<u>Bonds</u>	<u>Total</u>			
2014	7,080,000	7,080,000	0.1178%	0.4375%	287
2015	6,610,000	6,610,000	0.1021%	0.3998%	268
2016	6,120,000	6,120,000	0.0878%	0.3652%	246
2017	4,835,000	4,835,000	0.0647%	0.2659%	192
2018	4,355,000	4,355,000	0.0551%	0.2236%	170
2019	3,865,000	3,865,000	0.0461%	0.1828%	147
2020	3,360,000	3,360,000	0.0378%	0.1525%	131
2021	2,850,000	2,850,000	0.0305%	0.1187%	112
2022	2,325,000	2,325,000	0.0239%	0.0969%	93
2023	1,790,000	1,790,000	0.0170%	0.0720%	72

Source: City of Lafayette Finance Department

CITY OF LAFAYETTE

DIRECT AND OVERLAPPING DEBT

CURRENT FISCAL YEAR

2022-23 Assessed Valuation (less incremental value): \$10,524,484,797

<u>DIRECT DEBT:</u>	<u>Total Debt</u> <u>6/30/2023</u>	<u>% Applicable (1)</u>	<u>City's Portion of</u> <u>Debt 6/30/23</u>
GO BONDS SERIES 2011 & 2016	\$1,790,000	100.000%	\$1,790,000
City of Lafayette Lease Liabilities	\$2,492,595	100.000%	\$2,492,595
 <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Contra Costa County Pension Debt and Lease Revenue Bonds	\$0	0.000%	\$0
Contra Costa Fire District	0	0.000%	\$0
Pleasant Hill Recreation & Park Bond 2009	21,920,000	1.466%	\$321,347
Bay Area Rapid Transit District	2,484,285,000	1.105%	\$27,451,349
East Bay Regional Park District	175,955,000	1.749%	\$3,077,453
Acalanes Union High School District 1997, 2002, & 2008 Bonds	131,369,470	23.546%	\$30,932,255
Lafayette Elementary Bond 1995 & 2016	66,735,000	89.615%	\$59,804,570
Orinda Elementary Bond	86,285,000	0.132%	\$113,896
Contra Costa Community College District Bonds 2002, 2006 & 2014	649,015,000	4.185%	<u>\$27,161,278</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$148,862,149

TOTAL DIRECT DEBT \$4,282,595
 TOTAL OVERLAPPING DEBT \$148,862,149

COMBINED TOTAL DEBT \$153,144,744 (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 2022-23 Assessed Valuation:

Total Direct Debt (\$1,790,000).....	0.04%
Total Overlapping Tax and Assessment Debt.....	1.41%
 Combined Total Debt.....	 1.46%

Source: HdL, Coren & Cone, Contra Costa County Assessor and Auditor Combined 2022/23 Lien Date Tax Rolls

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CITY OF LAFAYETTE

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

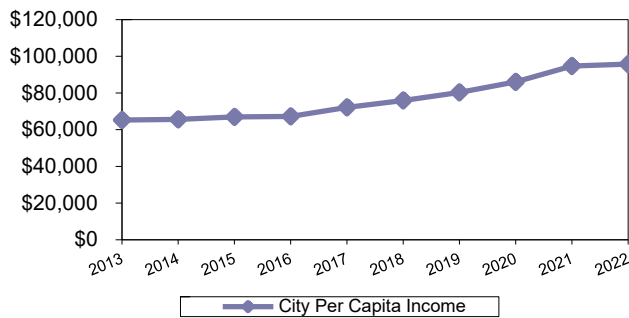
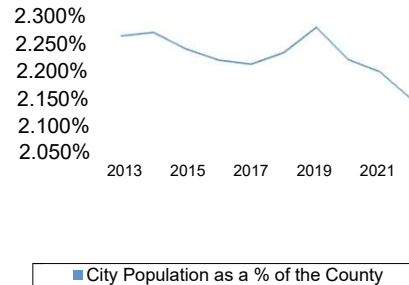
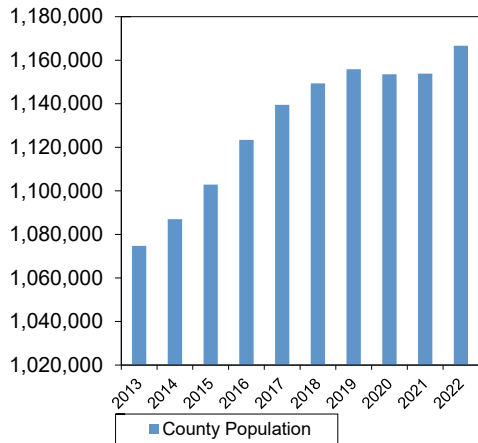
	Fiscal Year Ended June 30,			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$225,310,387	\$242,806,843	\$261,503,297	\$280,429,438
Total net debt applicable to limit	<u>7,080,000</u>	<u>6,610,000</u>	<u>6,120,000</u>	<u>4,835,000</u>
Legal debt margin	<u>\$218,230,387</u>	<u>\$236,196,843</u>	<u>\$255,383,297</u>	<u>\$275,594,438</u>
Total net debt applicable to the limit as a percentage of debt limit	3.1%	2.7%	2.3%	1.7%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the statutory debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit at the time of the state's establishment of the limit.

Source: City Finance Department

Fiscal Year Ended June 30,					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$296,529,543	\$314,089,952	\$333,698,247	\$350,850,211	\$365,544,739	\$394,668,180
<u>4,355,000</u>	<u>3,865,000</u>	<u>3,360,000</u>	<u>2,850,000</u>	<u>2,325,000</u>	<u>1,790,000</u>
<u><u>\$292,174,543</u></u>	<u><u>\$310,224,952</u></u>	<u><u>\$330,338,247</u></u>	<u><u>\$348,000,211</u></u>	<u><u>\$363,219,739</u></u>	<u><u>\$392,878,180</u></u>
1.5%	1.2%	1.0%	0.8%	0.6%	0.5%

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



Calendar Year	City of Lafayette			
	City of Lafayette Population (1)	Percent Change In Population	Personal Income (2) **	City of Lafayette Per Capita Income(3)
2013	24,659	1.4%	1,618,173	65,622
2014	24,690	0.1%	1,653,193	66,958
2015	24,924	0.9%	1,676,007	67,244
2016	25,199	1.1%	1,818,417	72,162
2017	25,655	1.8%	1,947,374	75,906
2018	26,327	2.6%	2,114,226	80,306
2019	25,604	-2.7%	2,203,123	86,046
2020	25,358	-1.0%	2,400,954	94,682
2021	25,064	-1.2%	2,399,965	95,753
2022	25,004	-0.2%	2,486,250	99,434

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
 ** In Thousands

City of Lafayette Unemployment Rates (3)	Contra Costa County Population (1)	Contra Costa County Per Capita Income (2)
2.2%	1,087,008	*
3.4%	1,102,871	*
2.7%	1,123,429	*
2.4%	1,139,513	*
2.4%	1,149,363	*
2.4%	1,155,879	*
5.4%	1,153,561	*
5.6%	1,153,854	*
4.0%	1,166,669	*
2.6%	1,156,555	*

**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>Contra Costa County Unemployment Rates</u>	<u>State of California Unemployment Rates</u>
2013	11,700	2.2%	7.5%	8.9%
2014	11,900	3.4%	6.2%	7.5%
2015	12,100	2.7%	5.0%	6.2%
2016	12,300	2.4%	4.4%	5.4%
2017	12,100	2.4%	2.4%	4.8%
2018	12,900	2.4%	2.6%	4.2%
2019	11,400	5.4%	9.3%	10.8%
2020	11,900	5.6%	5.5%	6.4%
2021	12,200	4.0%	3.1%	3.9%
2022	12,100	2.6%	0.0%	0.0%

Source: State of California Employment Development Department

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

Employer	2022-23		2014-15	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Lafayette School District *	408	3.37%	472	3.97%
Whole Foods Market	161	1.33%	250	2.10%
Safeway Stores **	160	1.32%	175	1.47%
Diablo Foods Inc. **	150	1.24%	130	1.09%
Acalanes High School *	144	1.19%	121	1.02%
Oakwood Athletic Club **	119	0.98%	171	1.44%
Lafayette Park Hotel & Spa	112	0.93%	175	1.47%
Trader Joe's	105	0.87%	86	0.72%
TuTu's Food and Drink	65	0.54%		
Bentley Upper School (9-12th)	65	0.54%		
McCaulou's Department Store			300	2.52%
Yankee Pier Restaurant			45	0.38%
Total Top Employers	1,489	12.31%	1,925	16.18%
Total City Employment (1)	12,100		11,900	

Results based on direct correspondence with city's local businesses.

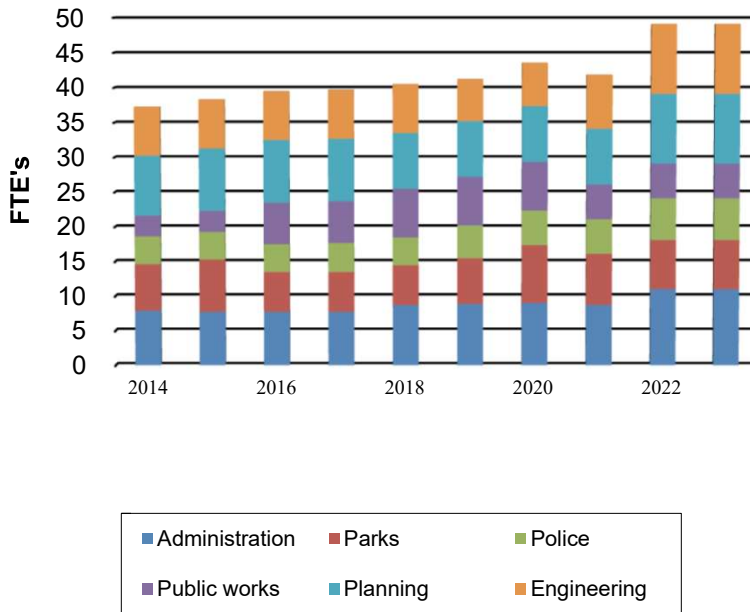
* Includes classified, certificated and admin.

** Includes full and part time employees

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

Source: Avenu Insights & Analytics Company

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



<u>Function/Program</u>	Full-Time Equivalent Employees as of June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Administration	7.87	7.72	7.72	7.72	8.72	8.87	9.00	8.75	11.00	11.00
Parks	6.75	7.55	5.75	5.75	5.75	6.60	8.35	7.35	7.10	7.10
Police	4.00	4.00	4.00	4.20	4.00	4.73	5.00	5.00	6.00	6.00
Public works	3.00	3.00	6.00	6.00	7.00	7.00	7.00	5.00	5.00	5.00
Planning	8.60	9.00	9.00	9.00	8.00	8.00	8.00	8.00	10.00	10.00
Engineering	7.00	7.00	7.00	7.00	7.00	6.00	6.20	7.70	10.00	10.00
Total	37.22	38.27	39.47	39.67	40.47	41.20	43.55	41.80	49.10	49.10

Source: Human Resources

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

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Function/Program</u>										
<u>Police</u>										
Total reports	*	1,526	1,798	1,652	1,561	1,445	1,466	1,305	1,236	1,293
Calls for service	16,519	16,049	18,580	18,506	19,312	16,610	16,789	14,019	11,686	12,674
% Officer-initiated activity	*	37%	41%	42%	43%	43%	45%	45%	47%	49%
Overall Part 1 crimes	456	476	570	433	342	261	378	292	268	258
# of Residential burglaries	61	48	22	33	19	8	22	9	6	17
% of Residential burglaries solved	*	33%	60%	53%	84%	88%	50%	44%	50%	18%
Code Enforcement Incidents **	190	228	305	436	561	368	355	305	426	268
<u>Public Works</u>										
Work requests (outside normal service)	285	210	365	337	295	532	578	430	893****	1,050
Abatement issues	53	32	54	3	11	82	134	115	91	77
Curb painting	18	8	21	4	6	-	5	6	9	6
Ditch cleaning	3	1	6	21	12	7	10	2	10	15
Litter removal	4	9	5	22	15	36	17	13	19	55
Sign installation, repair, replacement	61	53	98	75	69	46	59	44	66	108
Street repair	31	20	32	38	22	34	53	26	48	95
Tree/brush maintenance	6	9	20	23	11	5	1	3	13	28
Trimming vegetation	10	9	6	25	22	18	9	16	5	13
<u>Engineering</u>										
Encroachment permits	465	466	564	447	433	399	515	792	783	602
<u>Recreation</u>										
Class enrollments	11,714	9,794	12,423	15,081	18,803	21,600	19,063	0***	0***	0***
Standard enrollments				-	-	-	5,752	4,472	6,396	9,706
Senior transportation- rides provided	3,979	4,316	4,237	3,813	3,201	3,247	2,966	3,159	2,916	2,853
Senior transportation- riders served	3,979	4,316	4,237	na	na	na	216	131	101	154
<u>Planning</u>										
Total applications processed	287	279	288	347	295	320	317	363	256	271
Design Review Permits	22	30	23	35	18	23	29	17	11	22
General Plan Amendment	-	1	-	3	-	-	-	1	1	-
HDP/DR/GR (OTC)	117	83	91	93	114	129	108	186	NA	NA
Hillside Development Permits	38	41	52	57	34	44	30	22	43	44
Second Unit / ADU	3	2	6	13	14	9	14	34	45	57
Sign Permits	6	10	6	16	5	8	10	8	7	8
Tree Permits	35	45	43	55	49	45	56	36	57	39
Variance Permits	12	14	15	16	11	15	17	6	15	8

* 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.

*** The operating indicator for enrollments was changed in FY21. "Class enrollments" comprised flex registration enrollments, which can be calculated daily based on frequency of program. "Standard enrollments" refers to each individual who enrolled in a program regardless of the frequency with which the program met.

****For 2021, total work requests grew due to a better system for entering work requests.

Source: Various City Departments

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

<u>Function</u>	June 30,									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>Police</u>										
Patrol vehicles	*	17	20	19	18	18	18	22	22	23
Traffic motorcycles	*	3	3	3	2	2	2	2	2	2
Dual sport motorcycles	*	2	2	2	5	5	5	5	5	5
All terrain vehicles	*	*	1	1	1	1	1	1	1	1
Equipment trailers	*	4	4	4	4	4	4	4	4	4
Speed trailers	*	2	2	2	2	2	2	2	2	2
Generator trailers	*	*	*	*	*	*	2	2	2	2
Parking vehicles	*	4	3	3	3	3	3	3	2	3
Parking vehicles with ALPR	*	*	*	2	2	3	3	3	3	3
Drones	*	*	*	1	1	2	2	2	2	2
<u>Public works</u>										
Vehicles	*	10	11	9	10	10	8	9	9	10
Water trailers	*	*	*	1	1	1	1	1	1	1
Message signboards	2	2	2	2	2	2	2	2	2	2
Streetlights	*	458	458	476	476	476	476	476	478	478
Traffic signals	*	24	24	26	26	26	26	26	26	26
Trellis lights	*	60	60	60	60	60	60	60	60	60
Landscape acreage	*	7	7	7	7	7	7	7	7	7
Trail miles	*	10	10	10	10	10	10	10	10	10
Pedestrian and advance warning signs	*	*	16	18	18	19	19	21	21	21
<u>Engineering</u>										
Vehicles	*	7	6	5	5	6	6	5	6	6
Streets (centerline miles)	*	93	93	93	93	93	93	93	93	93
<u>Recreation (incl. Sr. Transportation)</u>										
Vehicles	*	3	3	2	1	1	1	1	1	1
Parks acreage	*	80	80	80	80	80	100	120	140	160
<u>Planning</u>										
Vehicles	*	3	3	3	2	2	1	3	3	3

* No information available.

Source: Various City Departments

**CITY OF LAFAYETTE
 MISCELLANEOUS STATISTICAL DATA
 CURRENT FISCAL YEAR**

Year of Incorporation	1968
Form of Government	General Law
Population	25,358
Median Age	45.5
Median Household Income	\$192,199
Registered Voters	19,093
Area in Square Miles	15.39
Number of Authorized Full-Time Equivalent City Employees	49.10

Miles of Streets:

Public Miles	93
Private Miles	43

Fire Protection:

Contra Costa Fire District	
Number of Stations	3

Police Protection:

Number of Stations	1
Number of Contracted Sworn Personnel	17

Public Education:

Elementary Schools	4
Middle Schools	1
High Schools	1

Libraries: (Contracted with Contra Costa County)

Number of Libraries	1
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Recreation and Culture:

Park Sites	5
Park Acreage	120

Community Facilities:

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