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City Finances Look Healthy

By Cathy Tyson

"The city remains in good fiscal position," said Jennifer Wakeman, Lafayette's new financial services manager, during her audit presentation covering fiscal year 2013-14 at the Dec. 8 city council meeting. On the next agenda item, adopting the fiscal year 2014-15 municipal budget, administrative services director Tracy Robinson went a little further. "We ended the year in a very strong position," she said, referring to the updated final budget. "The five-year forecast looks very good," she added.

The actual financials, in a riveting 110 page report, show the best of both worlds: expenditures were \$1.1 million below budget and revenue was \$800,000 above budget for fiscal year 2013-14. In addition, the city's end of year reserves, or savings, is projected to be \$7 million, the equivalent to 56 percent of General Fund expenditures. That amount is exclusive of the roughly \$2 million invested in the old library property which may be sold in the future.

Also bolstering the financial outlook is an additional \$400,000 in impact fees, starting in fiscal year 2015-16, on top of the current \$400,000 annual contribution, for a total of \$800,000 paid by the Solid Waste Authority that will go toward repairing the damage caused by garbage trucks, allowing fully funded road repairs without depleting reserves in the near future.

Where is this money coming from? "The property tax base remains stable," said City Manager Steven Falk in his official "Management's Discussion and Analysis of the Fiscal Year ending June 30, 2014." Property tax and assessments are the largest revenue source for Lafayette. "Assessed values in the city increased 6 percent" over the prior year, said Falk. For those still in sticker shock after paying property taxes, it's important to note that the City of Lafayette only receives 6.18 percent of property taxes paid by homeowners.

He also pointed out that there was an increase in sales tax of 3 percent, transient lodging tax (thank you Lafayette Park Hotel) was 12 percent higher than last year, and there were increases in motor vehicle in-lieu tax and planning, permits and fee revenue.

Cropper Accountancy Corporation issued an understated "clean" opinion of the city's financial statements, in their annual audit.

Contributing to the robust municipal financial picture is the lack of unfunded liability for retirement benefits. The 38 full-time city employees, unlike most public sector organizations, do not participate in a defined benefit retirement program. Rather, city employees have traditional defined contribution programs, 401 and 457 plans, according to Falk, and the city has a fully funded retiree medical program.

Although new to the City of Lafayette, Wakeman knows her way around a balance sheet. She was a senior accountant for seven years in Walnut Creek, and worked for four years as Moraga's finance manager. She has a bachelor's degree from Boston College in finance and marketing and a master's in public administration from Cal State East Bay. "We are confident that Ms. Wakeman is well qualified to continue the prudent financial practices the City has established and enhance them," said Robinson.

Reach the reporter at: cathy@lamorindaweekly.com

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