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Lafayette in good financial shape as the city rolls into the next decade

By Nick Marnell

Shortly before Steve Falk departed as Lafayette city manager, he urged the city council to increase its reserve balance target from 60% to 100% of general fund expenditures, with the intent to reach that target in five years. "The likelihood of a recession in the next several years is increased because this very long period of economic expansion cannot persist. A recession that reduces sales and property tax revenue could result in deficits," Falk advised the city finance subcommittee in 2018.

For the last fiscal year, recently memorialized with the release of the 2019 Comprehensive Annual Financial Report, the city made a significant jump in the direction that Falk recommended.

Lafayette finished 2019 with $17.8 million in general fund revenue against $14.2 million in operating expenses. The city closed with $10.8 million in its general fund balance, an operating surplus that the city can use for nearly any reason, like stabilizing tax rates, addressing revenue shortfalls or funding emergencies. That $10.8 million equaled 77% of general fund expenditures, an increase over the 68% of the previous year and on its way toward the professed goal of 100% by 2023.

With a net position of $135 million, only $3.6 million in long-term debt and enough cash to cover more than nine months of operating expenditures in its general fund balance, Lafayette appears to be in a good position to fend off areas of financial concern. According to the CAFR, those concerns include a deficit in the Stormwater Pollution Fund, maintenance of public roads to an acceptable pavement condition index and increased legal fees, mostly due to the defense of land use lawsuits brought by residents and developers.

Of note in the just-concluded fiscal year is the internal report from the city auditor, Maze and Associates of Pleasant Hill. It was not so much what was in the report, but what was not, according to Jennifer Wakeman, assistant administrative services director. "The auditor could find no significant deficiencies or material weaknesses in our internal controls," Wakeman said. "It was the first time in five years there was no schedule of recommendations in the audit report, and we are very proud of that."

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back