

# Lamorinda Fee and Financing Authority

**IMPORTANT NOTICE REGARDING THIS MEETING:** To protect public health, this meeting is being held in accordance with AB 361, Government Code section 54954(e)(1)(A). Given the proclaimed state of emergency and the Contra Costa County Health Officer's recommendation for social distancing for public meetings, which is also consistent with Cal OSHA requirements for social distancing, the City will be conducting public meetings via video/ teleconferencing and there will be no physical location available for this meeting.

<p>BY TELECONFERENCE VIA ZOOM WEBINAR</p>	<p>Attending by PC:  MEETING URL: <a href="https://us06web.zoom.us/j/84576778048?pwd=RVNQQ1o5VHFyK1pndEo0Ni9nSEJ5Zz09">https://us06web.zoom.us/j/84576778048?pwd=RVNQQ1o5VHFyK1pndEo0Ni9nSEJ5Zz09</a>  PASSCODE: 585022 MEETING ID: 845 7677 8048  Attending by Telephone: +1 (669) 900-6833 MEETING ID: 845 7677 8048</p>
---	--

## LAMORINDA FEE AND FINANCING AUTHORITY (LFFA) MEETING AGENDA

**Monday, January 30, 2023, 1:15 PM**

**City of Lafayette**

How to follow or participate in the meeting:

1. Members of the public may observe and participate in the meeting at the teleconference location highlighted above. *(Please note that due to the remote nature of the meeting, the City of Lafayette cannot guarantee that the network or its site will not experience technical interruptions. To ensure that the LFFA receives your comments, we **strongly encourage you to submit your comments in writing in advance** of the meeting by following instructions in below.)*
2. Send your e-mail to [PGolier@ci.lafayette.ca.us](mailto:PGolier@ci.lafayette.ca.us) by 8 am on the day of the meeting. Those e-mails will be forwarded to the LFFA. They will also be made a part of the public record and be available to view by 10:30 am the day of the meeting by following this link: <https://swatcommittee.org/lffa-meetings/>
3. During the meeting, the Chair will call for public comment. If you wish to address the LFFA, please so indicate by using the "raise your hand" function at that time and the Chair will add you to the speaker list and call your name when it is your turn.
  - a) App/Browser Attendees: Those who are joining us using the Zoom app or via internet browser, can click on the "raise your hand" icon found in the control panel. Generally, the control panel is located at the bottom of your screen; however, this may vary depending on the type of device and/or the method by which you're joining the meeting.
  - b) Telephone Attendees: Those who are joining us by telephone-only, please press "**\*9**" This lets the moderator know that you wish to make a comment.

# Lamorinda Fee and Financing Authority

---

1. **Call to Order the Lamorinda Fee and Financing Authority**
2. **Roll Call**
3. **Adoption of the LFFA Agenda**
4. **Public Comment**
5. **Consent Calendar:**
  - a. **January 10, 2022 Minutes**  
**Recommendation: Approve**
6. **New Business:**
  - a. **Election of new Chair and Vice Chair.**
  - b. **Review of Fiscal Year 2021 Annual LFFA Financial Statements and Memorandum of Internal Controls and Required Communications**  
**Recommendation: Accept report**
  - c. **Annual Transportation Mitigation Fee Adjustment**  
**Recommendation: Accept report**
7. **Adjourn LFFA Meeting to Monday, March 6, 2023, 1:30 p.m.**

I, Patrick Golier, declare under penalty of perjury under the laws of the State of California that this regular meeting agenda has been posted at least 72 hours in advance at the City of Lafayette Offices, 3675 Mt. Diablo Blvd, Suite 210, Lafayette CA and at the LFFA website at <https://swatcommittee.org/lffa-meetings/>

---

Patrick Golier, Transportation Program Manager

Location of Agendas and Agenda Packets: Agendas and packets are available for review by the public by following this link: <https://swatcommittee.org/lffa-meetings/> and during regular business hours at the City of Lafayette Offices, 3675 Mt. Diablo Blvd, Suite 210, Lafayette CA. Agendas and packets shall be made available at least 72 hours in advance of regular meetings and 24 hours in advance of special meetings.

Any writings or documents pertaining to an open session item provided to a majority of the Lamorinda Fee and Financing Authority less than 72 hours prior to the meeting, shall be made available for public inspection at this link: <https://swatcommittee.org/lffa-meetings/> and during normal business hours at the City of Lafayette Offices, 3675 Mt. Diablo Blvd, Suite 210, Lafayette CA.

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Patrick Golier at (925) 299-3229 or [PGolier@ci.lafayette.ca.us](mailto:PGolier@ci.lafayette.ca.us) at least 48 hours before the meeting, if possible.

# Lamorinda Fee and Financing Authority

## LAMORINDA FEE AND FINANCE AUTHORITY (LFFA) MEETING

Monday, January 10, 2022, 2:30 pm

Town of Moraga  
Teleconference via Zoom Webinar

### LFFA SUMMARY MINUTES

**1. Call to Order the Lamorinda Fee and Finance Authority**

*Chair Sos called the meeting to order at 2:45 p.m.*

**2. Roll Call**

*LFFA Members Present: Chair Sos, Moraga, Vice-Chair Gerringer, Lafayette, and Amy Worth, Orinda.*

*Staff Present: Bret Swain, Moraga; Therese Kain, Lafayette,*

**3. Adoption of the LFFA Agenda**

*Worth moved, Gerringer seconded and the LFFA unanimously adopted the LFFA agenda.*

**4. Public Comment**

*No Public Comment*

**5. Consent Calendar:**

- a. Consideration of Adopting a Resolution to Continue Conducting Remote Teleconferencing Meetings of the Legislative Bodies of the Authority Pursuant to Assembly Bill (AB) 361.**

**Recommendation:** Adopt Resolution proclaiming a local emergency, ratifying the proclamation of a State of Emergency by Executive Order (EO) N-25-20 pursuant to Government Code, Section 8625 and further ratified by EO N-15-21, and authorizing remote teleconference meetings of the legislative bodies of the Authority for the period of January 10, 2022 through February 9, 2022 pursuant to the Ralph M. Brown Act provisions under AB 361..

- b. October 4, 2021 Minutes**

**Recommendation: Approve**

*Gerringer motioned, Worth seconded, unanimously approved adoption of the Consent Calendar .*

# Lamorinda Fee and Financing Authority

---

## 6. New Business:

### a. Election of new Chair and Vice Chair.

*Worth moved, Chair Sos seconded to have Gerringer, City of Lafayette, be new Chair of LFFA for 2022. Chair Gerringer moved and Sos seconded to have Worth, City of Orinda to be new Vice Chair of LFFA for 2022. Passed unanimously.*

## 7. Adjourn LFFA Meeting to Monday, February 7, 2022, 2:30 p.m.

*The meeting was adjourned at 2:50 p.m.*

Respectfully submitted by

*Therese Kain*

Therese Kain, Engineering Assistant  
City of Lafayette

# Lamorinda Fee and Financing Authority Lafayette, California

*Basic Financial Statements  
and Independent Auditors' Report*

*For the year ended June 30, 2021*

*This page intentionally left blank.*

**Lamorinda Fee and Financing Authority  
(A Joint Powers Authority)  
Basic Financial Statements  
For the year ended June 30, 2021  
Table of Contents**

---

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Management's Discussion and Analysis .....</b>	<b>3</b>
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position.....	7
Statement of Activities.....	8
Fund Financial Statements:	
Balance Sheet.....	9
Statement of Revenues, Expenditures and Changes in Fund Balance.....	10
Notes to Basic Financial Statements.....	13

*This page intentionally left blank.*





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Board of Directors  
of the Lamorinda Fee and Financing Authority  
Lafayette, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Lamorinda Fee and Financing Authority (Authority), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Honorable Members of the Board of Directors  
of the Lamorinda Fee and Financing Authority  
Lafayette, California  
Page 2

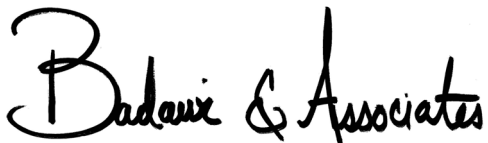
## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund information of Authority, as of June 30, 2021, and the respective changes in financial position and, the budgetary comparison listed in the Table of Contents as part of the basic financial statements for the year ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.



Badawi and Associates, CPAs  
Berkeley, California  
March 4, 2022

**LAMORINDA FEE AND FINANCING AUTHORITY**  
**(A JOINT POWERS AUTHORITY)**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

**PURPOSE OF THE LAMORINDA FEE AND FINANCING AUTHORITY (LFFA)**

In 1998, 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 a result, the Lamorinda Fee and Financing Authority (LFFA) was created. The LFFA administers the Lamorinda Development Mitigation Fee Program, which includes an Expenditure Plan that identifies a number of bicycle, pedestrian, and roadway projects specific to each member jurisdiction.

**BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements comprise the *Statements of Net Position* and *Statement of Activities* for the Combined Government-wide and Fund Financial Statements.

The Statements present the LFFA financial activities as a whole. The *Statement of Net Position* and *Statement of Activities* include all assets and liabilities using the full accrual basis of accounting similar to the accounting model used by private sector firms.

**Statement of Net Position**

The *Statement of Net Position* is a snapshot of the LFFA's financial position at the end of the Fiscal Year (FY) 2020-21. The LFFA's assets are all liquid assets, i.e. cash and receivables. The LFFA has no capital assets. For the year ended June 30, 2021, net position totalled \$1,451,936, an increase of \$225,365 (+18%) from the prior year.

**Table 1. Statement of Net Position for the Fiscal Years Ended June 30,**

	2021	2020	% Change
<b>ASSETS</b>			
Cash deposits, investments	\$ 1,282,980	\$ 1,175,744	9%
Accounts receivable	168,227	48,161	249%
Accrued interest receivable	729	2,666	-73%
Total assets	<u>1,451,936</u>	<u>1,226,571</u>	<u>18%</u>
<b>NET POSITION</b>			
Accounts payable	-	-	0%
Total liabilities	<u>-</u>	<u>-</u>	<u>0%</u>
Net position	<u>1,451,936</u>	<u>1,226,571</u>	<u>18%</u>
Total liabilities and net position	<u>\$ 1,451,936</u>	<u>\$ 1,226,571</u>	<u>18%</u>

## Statement of Activities

The *Statement of Activities* presents the LFFA's revenues and incurred expenses for the year ended June 30, 2021. All financial activities incurred for the LFFA are recorded here, including operational expenses, capital project costs, depreciation and accrued liabilities, when applicable. For FY 2020-21, the decrease in expenses was attributable to timing differences in the recording of audit fees and accounting services. The current fee levels were set by a Nexus Study completed in FY2015-2016. Fees collected in FY2016-2017 were based on the new rates and will later be paid out under the new allocation methodology. The amount of transportation and traffic impact fees brought in by the individual communities is dependent on the amount of development occurring in a particular fiscal year.

**Table 2. Statement of Activities for the Fiscal Years Ended June 30,**

	<u>2021</u>	<u>2020</u>	<u>% Change</u>
<b>EXPENSES</b>			
Administration and community services	\$ 5,384	\$ 6,562	-18%
<b>Total Expenses</b>	<u>5,384</u>	<u>6,562</u>	<u>-18%</u>
 <b>GENERAL REVENUE</b>			
Transportation and traffic impact fee			
City of Lafayette	182,226	159,106	15%
City of Orinda	7,885	22,865	-66%
Town of Moraga	40,276	40,276	0%
Interest Income	362	14,636	-98%
<b>Total Other Revenues</b>	<u>230,749</u>	<u>236,883</u>	<u>-3%</u>
 <b>NET POSITION</b>			
Change in net position	225,365	230,321	-2%
Net position - beginning of year	<u>1,226,571</u>	<u>996,250</u>	<u>23%</u>
Net position - end of year	<u>\$ 1,451,936</u>	<u>\$ 1,226,571</u>	<u>18%</u>

## CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This Management's Discussion and Analysis is intended to provide the reader with a narrative overview of the LFFA's financial statements for the year ended June 30, 2021. Questions concerning any information provided in this report or requests for additional financial information should be directed to:

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

## **BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank*

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Statement of Net Position**  
**June 30, 2021**

	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,282,980
Receivables:	
Accounts	168,227
Interest	729
	<hr/>
<b>Total assets</b>	<b>1,451,936</b>
	<hr/>
<b>NET POSITION</b>	
Unrestricted	1,451,936
	<hr/>
<b>Total net position</b>	<b>\$ 1,451,936</b>
	<hr/>

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Statement of Activities**  
**For the year ended June 30, 2021**

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position
		Governmental Activities
<b>Governmental activities:</b>		
Administration and community services	\$ 5,384	\$ (5,384)
<b>Total governmental activities</b>	<u>\$ 5,384</u>	<u>(5,384)</u>
General revenues:		
Transportation and traffic impact fee		230,387
Interest income		362
<b>Total general revenues</b>		<u>230,749</u>
<b>Change in net position</b>		225,365
<b>Net position - beginning of year</b>		<u>1,226,571</u>
<b>Net position - end of year</b>		<u>\$ 1,451,936</u>



**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Balance Sheet**  
**June 30, 2021**

---

---

	General Fund
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,282,980
Receivables:	
Accounts	168,227
Interest	<hr/> 729
<b>Total assets</b>	<hr/> 1,451,936 <hr/>
<b>NET POSITION</b>	
Unrestricted	<hr/> 1,451,936
<b>Total net position</b>	<hr/> \$ 1,451,936 <hr/> <hr/>

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended June 30, 2021**

	General Fund
<b>REVENUES:</b>	
Regional fees passed through:	
City of Lafayette	\$ 182,226
City of Orinda	7,885
Town of Moraga	40,276
Interest	362
<b>Total revenues</b>	<b>230,749</b>
<b>EXPENSES:</b>	
Contractual services	5,384
<b>Total expenditures</b>	<b>5,384</b>
<b>Ner change in fund balance</b>	<b>225,365</b>
<b>FUND BALANCE:</b>	
Beginning of year	1,226,571
End of year	<u><u>\$ 1,451,936</u></u>

## **NOTES TO BASIC FINANCIAL STATEMENTS**

*This page intentionally left blank.*

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Lamorinda Fee and Financing Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States. 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 Authority's accounting policies are described below.

***A. Financial Reporting Entity***

The Authority is a joint powers authority (JPA) organized by the Town of Moraga and the Cities of Lafayette and Orinda. The Authority was created to administer an adopted sub-regional transportation and traffic impact fee for the Lamorinda region. This fee was adopted by the three jurisdictions as part of the Southwest Transportation Mitigation Program (STMP) and its member agencies under the authority of Measure C, the Contra Costa County half cent sales tax measure adopted in 1988. There are no separate legal entities that are a part of the Authority's reporting entity. The Authority's accounting records are currently administered by the City of Lafayette (City).

***B. Basis of Accounting and Measurement Focus***

The accounts of the Authority 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, liabilities, 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.

In accordance with the Authority's adopted policies, different types of funds are used to record the Authority's financial transactions.

**Government-Wide Financial Statements**

The Authority's government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental activities for the Authority.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including 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.

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Government-Wide Financial Statements, Continued**

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

The Authority 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. There were no adjustments to the financial statements in order to comply with GASB 34 reporting therefore the Government-Wide Financial Statements report the same amounts as the fund financial statements for the current year.

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.

The Authority reports the following governmental fund in the accompanying financial statements:

General Fund – the purpose of this fund is to account for all financial resources except those required to be accounted for in another fund. The General Fund is required to be presented as a major fund.

Revenues considered susceptible to accrual include property taxes (generally due within 60 days), charges for services, regional fees, federal and state grants and interest. Expenditures are recognized in which the fund liability is incurred, if measurable, except for principle and interest on general long-term debt which is recognized when due.

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Cash and Investments**

The Authority pools its cash and investments with the City. The pooled funds are invested in accordance with the City's investment policy established pursuant to state law. All monies not required for immediate expenditure are invested or deposited to earn maximum yield consistent with safety and liquidity. Interest income is allocated to the Authority based on its proportionate share of the pool.

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

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 Authority 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 Authority is invested in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) through the pooling of cash with the City of Lafayette. LAIF 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.

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***D. Receivables***

Receivables recorded in the financial statements are not net of any allowance for doubtful accounts. Any doubtful accounts at June 30, 2021 were not considered to be material.

***E. Net Position and Fund Balances***

**Net Position**

In the government-wide financial statements, the Authority's net position is classified in the following categories:

Restricted Net Position – This amount is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Authority cannot unilaterally alter.

Unrestricted Net Position – This amount represents all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

**Fund Balance**

The Authority reclassifies fund balances into the following five categories to comply with the GASB Statement No. 54, Fund Balance and Governmental Fund Types. Fund balance is defined as the difference between assets and liabilities.

Nonspendable fund balances include amounts that cannot be spent because they are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

Restricted fund balances exist when constraints are placed on the use of those resources that are either externally imposed or imposed by law. In general, most reserve funds will fall into this category.

Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the governing board).



**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***E. Net Position and Fund Balances, Continued***

**Fund Financial Statements, Continued**

Assigned fund balances are amounts that are constrained by the government's intent to use for a specific purpose, but are neither restricted nor committed. The intent can be made either by the governing body itself or a body or official to which the governing body has delegated such authority to (purchasing agent and business official). Appropriated fund balance and the majority of encumbrances will be classified into the assigned category.

Unassigned fund balances will represent those funds that have not been assigned, committed, restricted, or considered nonspendable. The General Fund is the only fund that will report an unassigned fund balance, unless a deficit fund balance resulting from overspending in other funds exists. Fund balance in any other funds will either be assigned, committed, restricted, or nonspendable unless the fund reports a deficit.

The accounting policies of the Authority consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the Authority considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

***F. Revenue Recognition – Development Fees***

Development fees are assessed according to a set fee schedule for new construction. The fees collected by members and pass through to the Authority from new construction will be used to mitigate increased traffic congestion.

***G. Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Authority management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

***H. Budgetary Comparison***

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the General Fund and each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the General Fund. Therefore, budgetary comparison information is not included in the Authority's financial statements.

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**2. CASH AND INVESTMENTS**

The cash and investments of the Authority are pooled and maintained with the funds of the City. The City allocates interest to the Authority based upon their proportional share in the cash and investment pool balances. The Authority considers pooled cash and investment amounts with original maturities of three months or less to be cash equivalents.

**A. Summary of Cash and Investments**

Cash and investments at June 30, 2021 consist of the following:

Investments in State Investment Pool (LAIF)	\$ 800,400
Cash in bank	<u>482,580</u>
Total cash and investments	<u>\$ 1,282,980</u>

**B. Deposits**

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure public agencies' deposits by pledging government 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 in cash deposits is considered to be held in the City's name.

Fair value of pledged securities must equal at least 110% of deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the total deposits. The first \$250,000 of each institution's deposits are covered by Federal Deposit Insurance Commission (FDIC) insurance. The Authority shares a pro-rata portion of the FDIC \$250,000 which is commingled in the same accounts as the funds of the City of Lafayette.

**C. Investments Authorized by the Authority's Investment Policy**

The Authority is authorized to invest in obligations of the U.S. Treasury, agencies, commercial paper with certain minimum ratings, certificates of deposit, bankers' acceptances, repurchase agreements, and the State Treasurer's Investment Pool (LAIF).

At June 30, 2021, the Authority was invested in the Local Agency Investment Fund (LAIF) through the pooling of cash with the City. The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2021 include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

**Lamorinda Fee and Financing Authority**  
**(A Joint Powers Authority)**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2021**

---

**2. CASH AND INVESTMENTS, Continued**

***C. Investments Authorized by the Authority's Investment Policy, Continued***

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, 2021, the City had invested in LAIF, which had invested 2.31% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 3.37% in the previous year. The LAIF fair value factor of 1.00008297 was used to calculate the fair value of the investments in LAIF.

***D. Risk Disclosures***

Interest Rate Risk – Interest rate risk is the market value fluctuation due to overall changes in the interest rates. As a means of limiting its exposure to fair value losses arising from changes in interest rates, the Authority's investment policy limits investments to a maximum maturity of five years.

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority 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 Authority's investments were subject to custodial credit risk for the current year.

***E. Investment Valuation***

Investments (except for money 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 quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Authority held no investments subject to the levelling disclosure at June 30, 2021.

# City of Lafayette

Lafayette, California

*Auditor's Communication with  
Those Charged with Governance*

*For the year ended June 30, 2021*





January 5, 2022

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

We have audited the 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) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 16, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated April 16, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the timing previously communicated to you on the engagement letter.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City changed accounting policies related to financial reporting by adopting Statements of Governmental Accounting Standards (GASB Statement) in 2021:

- GASB Statement No. 84, Fiduciary Activities
- GASB Statement No. 90, Majority Equity Interests
- GASB Statement No.93, Interbank offered rates (except LIBOR removal and lease modifications)
- GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans
- GASB Statement No. 98, The Annual Comprehensive Financial Report

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Depreciable lives and estimated residual value of property and equipment
- Other Post-employment Benefits (OPEB) plan (actuarial assumptions)
- Investments Valuations

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

- Summary of Significant Accounting Policies
- Cash and Investments
- Long Term Debt
- Capital Assets
- Net Position/Fund Balances
- Employee Retirement Plans
- Commitments and Contingencies
- Successor Agency Private Purpose Trust for Assets of Redevelopment Agency

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes the corrected and uncorrected misstatements of the financial statements. Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letters dated January 4, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. Included in the Schedule of Other Matters are recommendations not meeting the definitions of material weakness or significant deficiency that we believe are opportunities for strengthening internal controls and operation efficiency.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements, budgetary comparison schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not



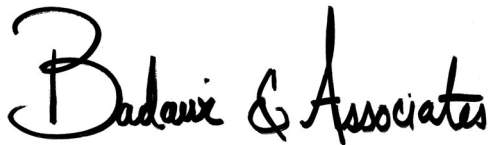
To the Honorable Mayor and Members of the City Council  
of the City of Lafayette  
Lafayette, California  
Page 4

changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory section and statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of City Council and management of City and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Badawi & Associates,  
Certified Public Accountants  
Berkeley, California  
January 5, 2022

**Corrected Misstatements:**

<b>Audit Adjusting Journal Entries JE # 26</b>			
For FS reporting purpose: To reclass the transfer between			
011-000-0-681000	Transfer In	250,000.00	
087-000-0-Admin	FS reporting - reclass transfer	250,000.00	
011-000-0-459000	Other Revenue		250,000.00
087-000-0-898000	Transfer Out		250,000.00
<b>Total</b>		<b>500,000.00</b>	<b>500,000.00</b>

<b>Audit Adjusting Journal Entries JE # 29</b>			
To correct the Measure J revenue and receivables			
072-000-0-390000	Fund Balance	537,879.00	
072-000-0-410600	Measure C / J	537,879.00	
072-temp-unavailable	Unavailable revenue	63,251.00	
072-000-0-410600	Measure C / J		63,251.00
072-temp-unavailable	Unavailable revenue		537,879.00
072-temp-unavailable	Unavailable revenue		537,879.00
<b>Total</b>		<b>1,139,009.00</b>	<b>1,139,009.00</b>

**Uncorrected Misstatements:**

<b>Proposed Journal Entries JE # 27</b>			
August 2020 RMRA payment should have been recorded in			
069-000-0-410550	SB1 - Road Maint & Rehab Alloc	36,800.00	
069-000-0-390000	Fund Balance		36,800.00
<b>Total</b>		<b>36,800.00</b>	<b>36,800.00</b>

**City of Lafayette**  
**Schedule of Other Matters**  
**June 30, 2021**

**We completed our final phase of the audit in October 2021 and noted the following:**

**1. Segregation of Duties in Permits Issuance**

**Criteria:** Access to collect permit payments, approve the permit applications and issue permits should be segregated to prevent unauthorized permit issuance and ensure the completeness of permit revenue.

**Condition:** The City uses Microsoft Access to track permit information, including application information, type codes and assigned planners' names. After a permit is approved and its payment collected by the planner, the planner manually updates the status in the Access database and sends the information to the County. An AR form listing the payment information is prepared by the planner or assistant, which then be forwarded to the Finance Department to book the transaction into MIP accounting system. Each planner has the access to collect payments, approves the applications, and issues permits. No reconciliation between MIP and Microsoft Access exists.

**Cause:** There is no reconciliation process noted in place to ensure each permit issued in Access has been paid and recorded in GL.

**Potential Effect:** Theoretically, the planner can take in the payments and issue the permits without recording the transaction in GL, thus the permits revenue can be potentially understated in GL.

**Recommendation:** We recommend that the City implement controls to ensure all permits issued are properly paid and recorded in GL.

**Management's Responses:**

The City is going to purchase a new cashiering system for the Planning and Engineering, which will replace the Microsoft Access and AR forms to track the permits and payment information.

**City of Lafayette**  
**Status of Prior Year Other Matters**  
**June 30, 2021**

**1. JE Preparation and Review**

**Criteria:** Journal entries should be independently reviewed by someone other than the preparer, before being posted to the general ledger.

**Condition:** The accounting system allows Finance Department staff to prepare and post journal entries without an independent review.

**Cause:** There is no control to prevent a person who prepares f journal entries from posting it.

**Potential Effect:** Journal entries recorded in the City's accounting system may be inaccurate, unapproved or unsupported.

**Recommendation:** We recommend that the City implement controls to ensure all journal entries are reviewed prior to posting.

**Current Year Status:**

Implemented. Assistant Administrative Service Director reviews all the journal entries posted during the interim audit to see if any unauthorized journal entries existed as a mitigation control.

**2. Payroll Segregation of Duties**

**Criteria:** Changes to the payroll master files should be reviewed by someone independent from the payroll processing.

**Condition:** The employee who has access to the payroll master file also performs payroll check-run. No change report generated for review.

**Cause:** The City does not have controls in place to ensure all changes to the payroll master files have been reviewed by someone independent from the payroll processing.

**Potential Effect:** Payroll information may be updated inaccurately or without proper authorization.

**Recommendation:** We recommend that the City implement internal controls to ensure all the changes to the payroll master file are reviewed and authorized.

**Current Year Status:**

Implemented. All the employees take vacation annually so the duties can be rotated to prevent fraud. Also, the Assistant Administrative Service Director pays additional attention to payroll person's pay rate to ensure no unauthorized change is made to her pay rate. The motivation of the payroll staff to modify others' rates is low. Periodically, Administrative Service Director randomly reviews the temporary employees' payroll and validates the information.

# Lamorinda Fee and Financing Authority

---

January 30, 2023

To: LFFA

From: LFFA-TAC

Subject: Annual Transportation Mitigation Fee Adjustment

**STAFF RECOMMENDATION:** LFFA-TAC Staff recommends that the Lamorinda Fee and Financing Authority (LFFA) accept the report on the Annual Transportation Mitigation Fee Adjustment.

**BACKGROUND:** In June 1998, the Cities of Lafayette and Orinda, and the Town of Moraga authorized a Joint Exercise of Power Agreement (JEPA). The LFFA was created to implement the requirements of the Growth Management Program element of the Measure C Sales Tax Program. Specifically, the Growth Management Program established a development mitigation program to ensure that new growth pays its share of the costs of regional impacts associated with such growth. The LFFA established a Lamorinda traffic mitigation fee program as its mitigation program. The fees are intended to be adjusted annually and the JEPA provides for an adjustment effective January 1 of each year based on the amount of the increase as reported in the Engineering News-Record Construction Cost Index (CCI) for the San Francisco Bay Area for the period ending September 30<sup>th</sup>.

The proposed 2023 fee adjustment is based on this index and equals 11.039%.

The change in fees for each land use category is summarized in the attached table.

Attachments:

- Proposed 2023 LFFA Fee Schedule
- Excerpt of Engineering News-Record City Cost Index – San Francisco Bay Area (September 2022)

**Lamorinda Transportation Impact Fee  
2022/23 Fee Adjustment ENR Construction Cost Index**

	CCI Index	Inflation Factor [C] = [B]/[A]
September 2021 [A]	13583.81	
September 2022 [B]	15083.26	1.110385083

Fee	2021 Rate [D]	2022 Rate [E] = [C] x [D]	2022 Total Item Fee
Single Family			
Regional	\$ 4,424.35	\$ 4,912.73	<b>\$ 9,825.46</b>
Local	\$ 4,424.35	\$ 4,912.73	
Multiple-Family or second unit			
Regional	\$ 3,096.86	\$ 3,438.71	<b>\$ 6,877.42</b>
Local	\$ 3,096.86	\$ 3,438.71	
Multiple Family Transit Oriented Development			
Regional	\$ 1,641.55	\$ 1,822.75	<b>\$ 3,645.50</b>
Local	\$ 1,641.55	\$ 1,822.75	
Non-residential			
Regional Local	\$ 4.73	\$ 5.25	<b>\$ 10.50</b>
Local	\$ 4.73	\$ 5.25	
Other			
Regional	\$ 486.93	\$ 540.68	<b>\$ 1,081.36</b>
Local	\$ 486.93	\$ 540.68	

Source: Engineering News Record Construction Cost Index for SF Bay Area, September 2022

# City Cost Index - San Francisco - As of November 2022



The building and construction cost indexes for ENR's individual cities use the same components and weighting as those for the 20-city national indexes. The city indexes use local prices for portland cement and 2 X 4 lumber and the national average price for structural steel. The city's BCI uses local union wages, plus fringes, for carpenters, bricklayers and iron workers. The city's CCI uses the same union wages for laborers.

To find more recent cost index data, go to this webpage ([link below](http://www.enr.com/economics/current_costs)) and click on the link for the year you need, and then navigate to the week you need. Keep in mind that the city cost index figures are always published in the second weekly issue of the month.

[http://www.enr.com/economics/current\\_costs](http://www.enr.com/economics/current_costs)

Go back to [view all City Indexes](#).

---

## ENR COST INDEXES IN SAN FRANCISCO (1978-2022)

YEAR	MONTH	BCI	%CHG	CCI	%CHG
2022	November	9819.99	+7.6	15113.51	+4.8
2022	October	9847.88	+7.5	15141.40	+4.8
2022	September	9789.74	+18.1	15083.26	+11.0
2022	August	9757.65	+14.5	15051.17	+8.9
2022	July	10346.61	+22.2	15640.10	+13.6
2022	June	10062.91	+23.2	15356.33	+14.1
2022	May	10033.57	+23.4	15326.99	+14.2

YEAR	MONTH	BCI	%CHG	CCI	%CHG
2022	April	9810.39	+24.8	15103.81	+14.8
2022	March	9833.42	+25.4	15126.84	+15.1
2022	February	9102.28	+16.5	14396.70	+9.8
2022	January	9007.82	+15.4	14301.24	+9.2
2021	December	8934.82	+13.5	14228.24	+8.0
2021	November	9127.62	+15.9	14421.03	+9.5
2021	October	9158.49	+16.3%	14451.91	+9.8%
2021	September	8290.40	+7.5	13583.81	+4.4
2021	August	8524.32	+11.8	13817.73	+6.9
2021	July	8468.17	+11.2	13762.01	+6.6
2021	June	8165.26	+5.6	13459.10	+3.4
2021	May	8131.51	+8.1	13425.35	+4.7
2021	April	7863.57	+4.5	13157.41	+2.7
2021	March	7843.32	+4.3	13137.16	+2.5
2021	Feb	7816.32	+4.0	13110.16	+2.4
2021	Jan	7804.07	+3.9	13097.91	+2.3
2020	Dec	7874.92	+5.3	13168.76	+3.2
2020	Nov	7877.92	6.0%	13171.76	3.5%
2020	Oct	7874.17	+7.3	13168.01	+5.1
2020	Sept	7711.82	+6.0	13005.66	+5.2
2020	Aug	7626.76	+4.8	12920.60	+4.5
2020	July	7614.09	+4.9	12907.92	+4.5
2020	June	7728.87	+6.4	13022.70	+5.4
2020	May	7525.33	+3.9	12819.17	+3.9
2020	April	7522.83	+5.7	12816.67	+4.9
2020	March	7516.83	+8.1	12810.67	+6.3



YEAR	MONTH	BCI	%CHG	CCI	%CHG
2020	Feb	7513.83	+6.8	12807.67	+5.6
2020	Jan	7512.33	+7.0	12806.17	+5.7
2019	Dec	7479.68	+6.5	12764.52	+5.4
2019	Nov	7429.65	+5.9	12723.43	+5.1
2019	Oct	7341.15	+4.7	12524.93	+3.4
2019	Sept	7271.94	+3.7	12365.71	+2.2