



QUARTERLY FINANCIAL REPORT

SECOND QUARTER 2016-2017

(October 1, 2016 – December 31, 2016)

This report provides an overview and summarized information on the Town Finances. For the Town of Colma, the General Fund represents the most significant portion of the annual revenue and expenditures. Therefore, the focus of the report will be on the performance of the General Fund, unless otherwise noted. The format of the report compares preliminary data from the Prior Year actual results to the Current Year Budget / Quarterly Actual.

GENERAL FUND FINANCIAL POSITION

In Fiscal Year 2016-2017 the General Fund includes budgeted revenue of approximately \$16.6 million and budgeted expenditures of \$14.0 million. In addition the General Fund has net budgeted transfers of approximately \$0.9 million. A transfer represents resources in one fund that are transferred to another fund. The primary transfers in the current year budget are for Capital Project funding and Debt Service.

	FISCAL YEAR 2015-2016			FISCAL YEAR 2016-2017		
	Actual Fiscal Year	2nd Qtr Actual	% Actual For Period	Budget Fiscal Year	2nd Qtr Actual	% of Budget For Period
Revenue	\$17,719,195	\$5,589,433	31.5%	\$16,582,712	\$6,729,480	40.6%
Expenditures	(13,410,013)	(7,392,017)	55.1%	(14,013,750)	(7,581,761)	54.1%
Net Transfers In / (Out)	(9,833,630)	0		(853,170)	(642,773)	
Net Change	(5,524,447)	(1,802,584)		1,715,792	(1,495,054)	
Beginning Balance	28,118,695	28,118,695		22,594,248	22,594,248	
Balance Year To Date	22,594,248	26,316,111		24,310,040	21,099,194	

MAJOR GENERAL FUND REVENUE SOURCES

More than 90 percent of the budgeted General Fund Revenues are concentrated in four revenue types. Revenues collected are not evenly distributed from month to month.

	FISCAL YEAR 2015-2016			FISCAL YEAR 2016-2017		
	Actual Fiscal Year	2nd Qtr Actual	% Actual For Period	Budget Fiscal Year	2nd Qtr Actual	% of Budget For Period
Sales Taxes	\$10,851,062	\$2,937,693	27.1%	\$10,550,000	\$3,890,756	36.9%
Cardroom Taxes	4,039,518	1,548,484	38.3%	3,790,000	1,699,512	44.8%
Property Taxes	562,378	281,480	50.1%	576,300	289,778	50.3%
Sewer Fees	836,480	418,523	50.0%	710,000	370,899	52.2%
Sub-Total Major Revenue	\$16,289,438	\$5,186,179	31.8%	\$15,626,300	\$6,250,944	40.0%
Total Revenue - GF	\$17,719,195	\$5,589,433		\$16,582,712	\$6,729,480	
% Major 5 Revenues	91.9%	92.8%		94.2%	92.9%	

As shown in the previous table approximately 40 percent of the General Fund Revenue was collected in the first six months of the fiscal year. A narrative explanation is provided below for key deviations.

MAJOR REVENUE (Continued)

- Sales Tax revenue in the first quarter represents actual retail transactions through September 30th plus advances received for the second quarter from the Board of Equalization. Because the Triple Flip allocation from the State has ended, collections to date are slightly ahead of the 27% reported in the prior year. Based on input from HdL an increase in the Budget is recommended as part of the Mid-Year Adjustments.
- Cardroom taxes can fluctuate from year to year based on a variety of factors. The adopted budget for Fiscal Year 2016-2017 is approximately 6.5 percent below the actual amount collected in the prior year. Through the first six months this revenue source continues to exceed the amount collected in the prior year. A budget increase is recommended as part of the Mid-Year Adjustments.
- Property taxes for the current year reflect the first of two major installments. The amount recorded is slightly more than 50% similar to the previous year.
- Sewer Fees are collected on the Property Tax bill. The fees represent the first of two major installments received from the Property Tax bill payments.
- Based on the amount of sewer fees collected in the previous fiscal year the current year revenue is expected to exceed the budget.

GENERAL FUND EXPENDITURES

Overall, expenditures compared to the prior year performance through the second quarter, total expenses were similar in the current year (FY 2016 = 55.1% and FY 2017 = 54.1%).

COMPARISON OF EXPENDITURES BY PROGRAM AREA

	FISCAL YEAR 2015-2016			FISCAL YEAR 2016-2017		
	Actual Fiscal Year	2nd Qtr Actual	% Actual For Period	Budget Fiscal Year	2nd Qtr Actual	% of Budget For Period
General Government	\$3,194,542	\$2,190,639	68.6%	\$3,083,070	\$1,763,970	57.2%
Police	5,535,529	2,738,418	49.5%	6,215,960	3,371,033	54.2%
Engineering / Building / Planning	1,381,129	498,291	36.1%	1,407,000	536,450	38.1%
Public Works Maintenance	1,970,819	1,285,524	65.2%	1,765,530	1,190,748	67.4%
Recreation Services	864,463	463,764	53.6%	961,740	517,124	53.8%
Facility Maintenance	463,531	215,381	46.5%	580,450	202,436	34.9%
TOTAL	\$13,410,013	\$7,392,017	55.1%	\$14,013,750	\$7,581,761	54.1%

- The 2015-16 General Government expense was skewed due to payment of all retiree medical expense is reported entirely under the General Government category. The 2016-17 Budget allocates this cost among all activities. This accounts for the decrease in percentage of expenditures reported as General Government.

The following table also displays the expenses organized by expenditure type.

	FISCAL YEAR 2015-2016			FISCAL YEAR 2016-2017		
	Actual Fiscal Year	2nd Qtr Actual	% Actual For Period	Budget Fiscal Year	2nd Qtr Actual	% of Budget For Period
Salaries & Benefits	7,131,857	\$4,096,522	57.4%	\$8,129,420	\$4,479,406	55.1%
Operating Services & Supplies	2,272,106	834,495	36.7%	1,690,980	715,869	42.3%
Contractual / Professional Services	2,207,236	902,829	40.9%	2,372,350	965,940	40.7%
Infrastructure Maint Contract Svcs	281,416	132,988	47.3%	336,000	82,748	24.6%
Sewer Services	940,029	918,555	97.7%	890,000	816,630	91.8%
Insurance (Liability/Property/WC)	577,369	506,629	87.7%	595,000	521,169	87.6%
TOTAL	\$13,410,013	\$7,392,017	55.1%	\$14,013,750	\$7,581,761	54.1%
OTHER USES / (TRANSFERS IN)	\$9,833,630	\$0		\$853,170	\$642,773	
EXPENDITURES & TRANSFERS	\$23,243,643	\$7,392,017		\$14,866,920	\$8,224,534	

Overall the expenditures for the first quarter are expected to trend within the adopted budget. Information related to significant deviations are discussed below:

- As shown in the previous table salaries and benefits are the most significant portion of General Fund expenditures. A significant factor which contributes to expenses above 50% after two quarters is the pre-payment of PERS retirement contribution. By depositing a lump sum amount in July instead of monthly payments the Town is able to take advantage of a discount.
- Contract services include a variety of professional as well as service contracts associated with providing Town services. There can sometimes be a lag in the billing from the service provider.
- Infrastructure Maintenance Contract Service costs can be impacted by weather and are not typically distributed throughout the year.
- Sewer Service costs are over 90% of the budget. This is a typical pattern as the collection and treatment system payments to the providers are made early in the Fiscal Year. The remainder of the budgeted expenses would be associated with maintenance expense on the system during the year.
- A significant portion of the Insurance expense has been incurred. This is a typical pattern as most of these costs are insurance premiums. The premium payment for liability and property insurance is due in the first month of the Fiscal Year.

ADDITIONAL GENERAL FUND DETAILS AND INFORMATION

This format was prepared by the Finance Department to highlight in summary fashion key indicators of the Town General Fund Financial performance. Additional Financial Reports and Budgets are also available on the Town website www.colma.ca.gov. This report will be posted on the Town website.

HIGH LEVEL SUMMARY – ALL FUNDS

The Table below provides a summary of “All Funds” and their activity for the two quarters ending December 31, 2016. This report highlights in summary fashion key indicators of the Town Financial performance. As mentioned earlier the General Fund is the most significant to the operations of the Town, however, it is also appropriate to consider the other sources of funding. As shown the balance held in Capital Project Funds is approximately \$11.5 million.

TOWN OF COLMA QUARTERLY REPORT OF ALL FUNDS (PRELIMINARY BALANCE AND ACTIVITY - CASH BASIS) QUARTER 2 - FISCAL YEAR 2016-2017					
FUND TYPE / NAME	BEGINNING FUND BALANCE 7/1/16	Fiscal Year To Date (July - Dec 2016)			YTD BALANCE
		YTD REVENUE	TRANSFERS IN / (OUT)	YTD EXPENDITURES	
General					
11-General Fund	\$22,594,248	\$6,729,480	(\$642,773)	(\$7,581,761)	\$21,099,194
Sub-Total	22,594,248	6,729,480	(642,773)	(7,581,761)	21,099,194
Special Revenue					
21-State Gas Tax Fund	28,012	18,679		(6,605)	40,086
22- Measure A Transportation	58,439	22,744			81,183
29- Police Grants / (COPS)	120,658	63,562		(52,635)	131,585
Sub-Total	207,109	104,985	0	(59,240)	252,854
Capital Project Funds					
31- General CIP	8,772,940		550,000	(763,619)	8,559,321
33- Town Hall CIP Financed \$	4,343,192	12,948		(1,362,676)	2,993,464
Sub-Total	13,116,132	12,948	550,000	(2,126,295)	11,552,785
Debt Service Funds					
43- COP Debt Service	62	10	92,773	(92,235)	609
Sub-Total	62	10	92,773	(92,235)	609
Internal Service Funds					
61-Fleet Replacement	776,421	3,366	0	0	779,787
Sub-Total	776,421	3,366	0	0	779,787
Trust Funds*					
71-OPEB-Retiree Medical	1,094,504	556,218	0	(330,043)	1,320,678
72-Retirement (PARS)	18,914	151	0	(20)	19,045
Sub-Total	1,113,418	556,369	0	(330,063)	1,339,724
GRAND TOTAL	\$37,807,390	\$7,407,157	\$0	(\$10,189,594)	\$35,024,953

* These Trust Funds were established to report funding contributed to an irrevocable trust for retirement benefit purposes. The funds are not available to the Town for General Operating and / or discretionary expenditures.