



**AGENDA
REGULAR MEETING**

**City Council of the Town of Colma
Colma Community Center
1520 Hillside Boulevard
Colma, CA 94014**

**Wednesday, March 9, 2016
CLOSED SESSION – 6:00 PM
REGULAR SESSION – 7:00 PM**

CLOSED SESSION – 6:00 PM

1. **In Closed Session Pursuant to Government Code § 54957 – Public Employee Performance Evaluation**
Title: City Manager
2. **In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators**
Agency Designated Representative: Mayor Diana Colvin
Unrepresented Employee: City Manager
3. **In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators**
Agency Negotiators: Sean Rabé, City Manager
Austris Rungis, IEDA
Employee Organizations: Colma Peace Officers Association
Unrepresented Employees: All
4. **In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators**
Agency Negotiators: Sean Rabé, City Manager
Austris Rungis, IEDA
Employee Organizations: Colma Communications/Records Association
Unrepresented Employees: All

PLEDGE OF ALLEGIANCE AND ROLL CALL – 7:00 PM

REPORT FROM CLOSED SESSION

ADOPTION OF AGENDA

PUBLIC COMMENTS

Comments on the Consent Calendar and Non-Agenda Items will be heard at this time.
Comments on Agenda Items will be heard when the item is called.

CONSENT CALENDAR

5. Motion to Accept the Minutes from the February 24, 2016 Regular Meeting.
6. Motion to Approve Report of Checks Paid for February 2016.
7. Motion to Adopt a Resolution Approving First Amendment to Contract with Best Best & Krieger LLP for Legal Services.

NEW BUSINESS

8. FY 2014-15 BASIC FINANCIAL STATEMENT AND AUDIT

Consider: Motion to Adopt a Resolution Accepting Auditor's Reports and Financial Statements for the Fiscal Year Ending June 30, 2015.

9. 2016 ADULT HOLIDAY EVENT

Consider: Motion Directing Staff to Plan and Coordinate an Adult Holiday Event at the South San Francisco Conference Center on December 10, 2016; to Set the Participation Fee for the Adult Holiday Party at \$15 for Adults and \$10 for Seniors and Disabled; and to Plan and Coordinate the Annual Town Picnic for September 10, 2016.

COUNCIL CALENDARING

REPORTS

Mayor/City Council

City Manager

ADJOURNMENT

The City Council Meeting Agenda Packet and supporting documents are available for review at the Colma Town Hall, 1188 El Camino Real, Colma, CA during normal business hours (Mon – Fri 8am-5pm). Persons interested in obtaining an agenda via e-mail should call Caitlin Corley at 650-997-8300 or email a request to ccorley@colma.ca.gov.

Reasonable Accommodation

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1. In Closed Session under Government Code § 54957, Public Employee Performance Evaluation

Title: City Manager

There is no staff report for this item.



2. In Closed Session Pursuant to Government Code Section 54957.6 - Conference with Labor Negotiators

Agency Designated Representative: Mayor Diana Colvin
Unrepresented Employee: City Manager

There is no staff report for this item.



3. In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators

Agency Negotiators:	Sean Rabé, City Manager Austriis Rungis, IEDA
Employee Organizations:	Colma Peace Officers Association
Unrepresented Employees:	All

There is no staff report for this item.



4. In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators

Agency Negotiators:	Sean Rabé, City Manager Austrie Rungis, IEDA
Employee Organizations:	Colma Communications/Records Association
Unrepresented Employees:	All

There is no staff report for this item.



**MINUTES
REGULAR MEETING**

City Council of the Town of Colma
Colma Community Center, 1520 Hillside Boulevard
Colma, CA 94014

Wednesday, February 24, 2016

Closed Session – 6:00 p.m.

Regular Session – 7:00 p.m.

CLOSED SESSION – 6:00 p.m.

1. In Closed Session Pursuant to Government Code Section 54957.6 – Conference with Labor Negotiators

Agency Negotiators: Sean Rabé, City Manager
Austris Rungis, IEDA
Employee Organizations: Colma Peace Officers Association
Colma Communications/Records Association
Unrepresented Employees: All

CALL TO ORDER – 7:00 p.m.

Mayor Diana Colvin called the Regular Meeting of the City Council to order at 7:06 p.m.

Council Present – Mayor Diana Colvin, Vice Mayor Helen Fisicaro, Council Members Raquel "Rae" Gonzalez and Joanne F. del Rosario were present. Council Member Joseph Silva was absent.

Staff Present – City Manager Sean Rabé, City Attorney Christopher Diaz, Chief of Police Kirk Stratton, Director of Public Works Brad Donohue, City Planner Michael Laughlin, and City Clerk Caitlin Corley were in attendance.

REPORT FROM CLOSED SESSION

Mayor Colvin announced that no action was taken at the closed session.

ADOPTION OF THE AGENDA

Mayor Colvin requested that item #4 be pulled from the Consent Calendar to be discussed immediately following the approval of the Consent Calendar. The Mayor asked for a motion to adopt the agenda with the requested changes.

Action: Council Member Gonzalez moved to adopt the agenda with the requested changes; the motion was seconded by Vice Mayor Fisicaro and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Diana Colvin, Mayor	✓				
Helen Fisicaro	✓				
Raquel "Rae" Gonzalez	✓				
Joseph Silva					✓
Joanne F. del Rosario	✓				
	4	0			

PUBLIC COMMENTS

Mayor Colvin opened the public comment period at 7:07 p.m. and seeing no one come forward to speak, she closed the public comment period.

CONSENT CALENDAR

2. Motion to Accept the Minutes from the February 10, 2016 Regular Meeting.
3. Motion to Adopt an Ordinance Adding a New Subchapter 4.14 of the Colma Municipal Code, Relating to Bingo Games (second reading).
4. [Pulled from Consent Calendar]
5. Motion to Adopt an Ordinance Amending Section 5.03.090 of the Colma Municipal Code Relating to Commercial Administrative Use Permits Pursuant to CEQA Guideline 15061(b)(3) (second reading).

Action: Vice Mayor Fisicaro moved to approve the Consent Calendar items #2, 3 and 5; the motion was seconded by Council Member Gonzalez and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Diana Colvin, Mayor	✓				
Helen Fisicaro	✓				
Raquel "Rae" Gonzalez	✓				
Joseph Silva					✓
Joanne F. del Rosario	✓				
	4	0			

4. Motion to Adopt an Ordinance Authorizing the Implementation of a Community Choice Aggregation Program Pursuant to CEQA Guidelines 15061(b)(3), 15308, and 15378 (second reading).

Vice Mayor Fisicaro announced that she had previously recused herself from discussion on this item when it was before the Council last year, in an effort to avoid any possible conflict of interest due to her former employment with PG&E. The Town has received formal advice from the FPPC that there is no conflict of interest; however, Vice Mayor Fisicaro has decided to abstain from voting on the item for consistency.

Action: Council Member del Rosario moved to Adopt an Ordinance Authorizing the Implementation of a Community Choice Aggregation Program Pursuant to CEQA Guidelines

15061(b)(3), 15308, and 15378 (second reading); the motion was seconded by Council Member Gonzalez and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Diana Colvin, Mayor	✓				
Helen Fiscaro			✓		
Raquel "Rae" Gonzalez	✓				
Joseph Silva					✓
Joanne F. del Rosario	✓				
	3	0			

NEW BUSINESS

6. MIDYEAR BUDGET REPORT AND ADJUSTMENT TO FY 2015-16

City Manager Sean Rabé and Finance Director Paul Rankin presented the staff report. Mayor Colvin opened the public comment period at 7:29 p.m. and seeing no one come forward to speak, she closed the public comment period. Council discussion followed.

Action: Vice Mayor Fiscaro moved to Adopt a Resolution Amending Budget Appropriations for Fiscal Year 2015-2016 Including Transactions for Capital Projects; the motion was seconded by Council Member del Rosario and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Diana Colvin, Mayor	✓				
Helen Fiscaro	✓				
Raquel "Rae" Gonzalez	✓				
Joseph Silva					✓
Joanne F. del Rosario	✓				
	4	0			

PUBLIC HEARING

7. SOLID WASTE FRANCHISE AGREEMENT

Vice Mayor Fiscaro announced that due to an ongoing legal issue between her husband's company and a subcontractor for South San Francisco Scavenger Company, she has decided to recuse herself. She stepped down from the dais.

Special Project Manager Roger Peters, Richard Tagore-Erwin of R3 Consulting Group, Inc., and Director of Public Works Brad Donohue presented the staff report. Mayor Colvin opened the public hearing at 8:06 p.m. Paul Formosa, Chief Financial Officer of South San Francisco Scavenger, Carl Mennie, General Manager of Republic Services and resident Maureen O'Connor made comments. The Mayor closed the public hearing at 8:16 p.m. Council discussion followed.

Action: Council Member del Rosario moved to Adopt a Resolution Authorizing the City Manager to Negotiate an Exclusive Franchise Agreement with Republic Services, Inc. for the Collection and Processing of Recyclables and Organics, and the Collection and Disposal of

Garbage from September 1, 2016 through August 30, 2026; the motion was seconded by Council Member Gonzalez and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Diana Colvin, Mayor	✓				
Helen Fisicaro				✓	
Raquel "Rae" Gonzalez	✓				
Joseph Silva					✓
Joanne F. del Rosario	✓				
	3	0			

Council Member Fisicaro returned to the dais.

8. PARKING ISSUES IN STERLING PARK

City Manager Sean Rabé presented the staff report. Mayor Colvin opened the public comment period at 9:16 p.m. Residents Maureen O'Connor, Mary Brodzin, and John Goodwin, and citizen Patricia Simpson made comments. The Mayor closed the public comment period at 9:26 p.m. Council discussion followed.

This item was for discussion only; no action was taken at this meeting.

COUNCIL CALENDARING

The next Regular City Council Meetings will be Wednesday, March 9, 2016 at 7:00 p.m. and Wednesday, March 23, 2016 at 7:00 p.m.

ADJOURNMENT AND CLOSE IN MEMORY

The meeting was adjourned by Mayor Colvin at 9:34 p.m. in memory of Monsignor Fred Bitanga, who served in the Archdiocese of San Francisco for over 50 years, and Melodia Garcia, longtime Colma resident.

Respectfully submitted,

Caitlin Corley
City Clerk

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43261	2/1/2016	00004	AT&T	1/29/2016	C3A1210TS01 12/13/15-01/12/	1,490.63	1,490.63
43262	2/1/2016	00051	CALIFORNIA WATER SERVICE6544607057	1/20/2016	6544607057 SW CORNER HIL	122.78	122.78
43263	2/1/2016	00058	CITY CLERKS ASSN OF CA 1217	1/26/2016	2016 RENEWAL APPLICATION	90.00	90.00
43264	2/1/2016	00093	CITY OF SOUTH SAN FRANCISCO:516371	1/22/2016	DISPATCH SERVICES	8,902.13	
			516343	1/11/2016	TRAFFIC SIGNAL MAINTENANCE	3,050.62	
			516337	1/29/2016	TRAFFIC SIGNAL MAINTENANCE	2,058.35	
			516334	12/29/2015	TRAFFIC SIGNAL MAINTENANCE	799.05	14,810.15
43265	2/1/2016	00110	DEPARTMENT OF TRANSPORTS160446	1/14/2016	SIGNALS & LIGHTING	446.97	446.97
43266	2/1/2016	00254	METRO MOBILE COMMUNICA160307	2/1/2016	MAINTENANCE CONTRACT	602.00	602.00
43267	2/1/2016	00307	PACIFIC GAS & ELECTRIC 01/20/2016	1/20/2016	PG&E	2,414.64	
			01/19/2016	1/19/2016	PG&E	23.08	2,437.72
43268	2/1/2016	00411	TURBO DATA SYSTEMS	12/31/2015	CITATION PROCESSING	162.10	162.10
43269	2/1/2016	00432	VISION SERVICE PLAN	1/21/2016	VISION SERVICE PLAN	980.72	980.72
43270	2/1/2016	01037	COMCAST CABLE	1/17/2016	1520 HILLSIDE XFINITY TV	10.11	10.11
43271	2/1/2016	01308	EEL RIVER FUELS, INC, 459341	1/15/2016	PW GAS PURCHASES	210.48	210.48
43272	2/1/2016	01370	VERIZON WIRELESS SERVICE975889562	1/15/2016	CELL PHONE SERVICE	1,253.06	1,253.06
43273	2/1/2016	01565	BAY CONTRACT MAINTENANCEJan 2016	1/10/2016	JANITORIAL SERVICES	7,706.91	
			16190	1/10/2016	PAPER SUPPLIES	941.79	8,648.70
43274	2/1/2016	01601	DELA CRUZ, ROMEO	1/25/2016	01/25/16 DEPOSIT REFUND	50.00	50.00
43275	2/1/2016	01629	R. J. RICCIARDI INC	10/31/2015	2015 AUDIT SERVICES ENDIN	3,046.53	3,046.53
43276	2/1/2016	02082	VINCE'S OFFICE SUPPLY, INCJan 2016	1/15/2016	OFFICE SUPPLIES	20.23	20.23
43277	2/1/2016	02182	DALY CITY KUMON CENTER Dec 2015	1/26/2016	TUTORING	4,805.00	4,805.00
43278	2/1/2016	02438	TALAVERA, ANGEL D. 2000373.003	1/25/2016	01/25/16 DEPOSIT REFUND	50.00	50.00
43279	2/1/2016	02499	GE CAPITAL INFORMATION TR96198851	1/21/2016	ADMIN COPY MACHINE RENT	1,698.21	1,698.21
43280	2/1/2016	02739	ZEBOWORKS, INC. 58158	1/22/2016	11 FORD CROWN VIC #5 OIL	908.39	908.39
43281	2/1/2016	02863	PLACERWORKS, INC.	12/31/2015	DEC 2015 435-455 SERRAMO	36,614.38	36,614.38
43282	2/1/2016	02886	READY REFRESH BY NESTLE06A0034299321	1/26/2016	BOTTLED WATER SERVICE	29.17	29.17
43283	2/1/2016	02907	PRASAD, RICKY Refund 1475PL	1/26/2016	REFUND 1475PL (01/07/16)	880.00	880.00
43284	2/1/2016	02908	ESSENCE PRINTING, INC. 112701	2/1/2016	500 NOTECARDS & ENVELOF	652.20	652.20
b total for FIRST NATIONAL BANK OF DALY CITY:						80,019.53	

24 checks in this report.

Grand Total All Checks:

80,019.53

Final Check List
Town of Colma

apChkLst
02/01/2016 11:16:51AM

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43285	2/1/2016	00432	Jan 2016 Balanc	1/28/2016	\$1.18 INCREASE RETROACTI	48.38	96.76
			Feb 2016 Balanc	1/28/2016	\$1.18 INCREASE RETROACTI	48.38	96.76
b total for FIRST NATIONAL BANK OF DALY CITY:							96.76

1 checks in this report.

Grand Total All Checks:

96.76

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02/03/2016 12:14:20PM

Final Check List
Town of Colma

Page: 1

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43286	2/5/2016	00068	02052016 B	2/5/2016	COLMA PEACE OFFICERS: P/	729.52	729.52
43287	2/5/2016	00631	02052016 B	2/5/2016	PERS - BUYBACK: PAYMENT	25,071.16	
			02052016 B	2/5/2016	PERS MISC NON-TAX: PAYME	9,029.24	
			02052016 M	2/5/2016	PERS MISC NON-TAX: PAYME	610.44	34,710.84
43288	2/5/2016	01340	02052016 B	2/5/2016	FLEX 125 PLAN: PAYMENT	362.31	362.31
43289	2/5/2016	01360	02052016 B	2/5/2016	ICMA CONTRIBUTION: PAYME	3,467.00	
			02052016 M	2/5/2016	ICMA CONTRIBUTION: PAYME	650.00	4,117.00
43290	2/5/2016	01375	02052016 B	2/5/2016	NATIONWIDE: PAYMENT	5,575.00	
			02052016 M	2/5/2016	NATIONWIDE: PAYMENT	700.00	6,275.00
43291	2/5/2016	02377	02052016 B	2/5/2016	WAGE GARNISHMENT: PAYM	553.84	553.84
93320	2/5/2016	00521	02052016 M	2/5/2016	FEDERAL TAX: PAYMENT	908.40	908.40
93321	2/5/2016	00130	02052016 B	2/5/2016	CALIFORNIA STATE TAX: PAY	8,192.36	8,192.36
93322	2/5/2016	00521	02052016 B	2/5/2016	FEDERAL TAX: PAYMENT	45,396.03	45,396.03
total for FIRST NATIONAL BANK OF DALY CITY:							101,245.30

Page: 1

9 checks in this report.

Grand Total All Checks:

101,245.30

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43292	2/8/2016	00013	Jan 2016	1/31/2016	TIRE SERVICE	594.72	594.72
43293	2/8/2016	00057	8402580772	1/22/2016	FIRST AID SUPPLIES	206.54	206.54
43294	2/8/2016	00140	01/21/16 Dossey	1/21/2016	CREDIT CARD CHARGE	1,709.78	
			01/21/16 Gogan	1/21/2016	CREDIT CARD CHARGE	1,376.26	
			01/21/16 Tapia	1/21/2016	CREDIT CARD CHARGE	1,106.24	
			01/21/16 Pfofent	1/21/2016	CREDIT CARD CHARGE	842.63	
			01/21/16 Morque	1/21/2016	CREDIT CARD CHARGE	627.14	
			01/21/16 Rabe	1/21/2016	CREDIT CARD CHARGE	148.19	
			01/21/16 Jordan	1/21/2016	CREDIT CARD CHARGE	44.94	
43295	2/8/2016	00307	0567147369-1	1/25/2016	0567147369-1 JSB S/O SERRA	147.95	5,855.18
43296	2/8/2016	00334	March 7-11 FTO	2/2/2016	MARCH 7-11, 2016 FTO K. TR	115.00	147.95
43297	2/8/2016	00364	CL04696	1/31/2016	LAB FEES	619.39	115.00
43298	2/8/2016	00365	2016 Membershi	2/5/2016	2016 TRAINING COORDINATC	100.00	619.39
43299	2/8/2016	00449	01/24/2016	1/24/2016	CREDIT CARD CHARGE	2,140.98	100.00
43300	2/8/2016	00500	SMC CONTROLLERS OFFICE Jan 2016	2/3/2016	ALLOCATION OF PARKING PE	836.00	2,140.98
43301	2/8/2016	00522	ALAMEDA COUNTY SHERIFFS April 25-29, 2016	2/5/2016	APRIL 25-29, 2016 M. FRANCHI	395.00	836.00
43302	2/8/2016	01030	1601074	1/20/2016	MONTHLY SERVICE CONTRA	5,380.00	395.00
			1601087	1/21/2016	SONICWALL RENEWAL FOR I	2,160.00	
43303	2/8/2016	01037	Feb 2016	1/26/2016	COMCAST CABLE TV	12,875.28	7,540.00
			01/25-02/24 Intel	1/20/2016	8155 20 022 0097051 Internet	286.20	
			02/02/16-03/01/1	1/27/2016	INTERNET 1198 & 1199 EL CA	241.20	
			01/25-02/24 427	1/20/2016	HIGH SPEED INTERNET 427 f	236.20	
43304	2/8/2016	01076	16-01	1/25/2016	RECORDS MANAGEMENT	3,660.00	13,638.88
43305	2/8/2016	01276	2000375.003	1/29/2016	01/29/16 YOUTH & TEEN COC	21.00	3,660.00
43306	2/8/2016	01308	464994	2/10/2016	PW GAS PURCHASES	168.32	21.00
43307	2/8/2016	01340	10041262	1/13/2016	ANNUAL & MONTHLY FEE	675.00	168.32
43308	2/8/2016	01359	2000005.004	2/3/2016	02/03/16 STANFORD RUNNING	538.00	675.00
43309	2/8/2016	01457	2000382.003	2/3/2016	02/03/16 WITHDRAWAL REFU	10.00	538.00
43310	2/8/2016	01629	9490	1/31/2016	2015 AUDIT SERVICES TO JA	10,095.00	10.00
43311	2/8/2016	01808	THIRD DEGREE COMMUNICA'5618	1/21/2016	05/16/16 RESPONSE TACTIC	225.00	10,095.00
43312	2/8/2016	02060	HUERTA, MA. GRACIELA	2/1/2016	02/01/16 DEPOSIT REFUND	300.00	225.00
43313	2/8/2016	02082	VINCE'S OFFICE SUPPLY, INC Jan 2016 #2110	1/30/2016	OFFICE SUPPLIES	445.53	300.00
43314	2/8/2016	02144	DOMINIC A. DE LUCCA DBA D1627	2/1/2016	TAE KWON DO	1,100.00	445.53
43315	2/8/2016	02150	COLOMBO, EMIL L. AND DORI1040	2/3/2016	02/03/16 INNER PERSPECTIV	419.00	1,100.00

Bank : first FIRST NATIONAL BANK OF DALY (Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43316	2/8/2016	02182	DALY CITY KUMON CENTER	Jan 2016	TUTORING	4,210.00	4,210.00
43317	2/8/2016	02190	GOGAN, REA	Jan 19-Feb 4, 2016	JAN 19-FEB 4, 2016 EXPENSE	144.09	144.09
43318	2/8/2016	02216	RAMOS OIL CO. INC.	630049	GASOLINE PURCHASES	752.43	
				627083	GASOLINE PURCHASES	652.08	
				628553	GASOLINE PURCHASES	562.19	1,966.70
43319	2/8/2016	02258	KIM, SEUNG NAM	Beg Golf Winter	GOLF LESSONS	125.00	125.00
43320	2/8/2016	02408	DUDLEY PERKINS COMPANY	329886	12/28/2016 2005 FLHP-I CHANGE ALL FLI	1,152.61	1,152.61
43321	2/8/2016	02438	TALAVERA, ANGEL D.	2000378.003	02/01/16 DEPOSIT REFUND	50.00	50.00
43322	2/8/2016	02637	Z.A.P. MANUFACTURING INC.	44691	REMOVE & REFACE VARIOUS	1,885.99	1,885.99
43323	2/8/2016	02701	FRANCISCO, MARK	01/28/16 Reimbu	01/28/16 CRITICAL INCIDENT	28.53	28.53
43324	2/8/2016	02743	UTILITY TELEPHONE, INC	Feb 2016	INTERNET ACCESS 128070	701.57	701.57
43325	2/8/2016	02787	AECO SYSTEMS, INC.	50344	TROUBLESHOOT FIRE ALARM	322.89	
				50357	TROUBLESHOOT FIRE ALARM	125.00	447.89
43326	2/8/2016	02793	DITO'S MOTORS	13471	2001 CHRYSLER 300M BATTE	100.00	100.00
43327	2/8/2016	02799	WAVE	Feb 2016	RIMS INTERNET W/SSF	400.00	400.00
43328	2/8/2016	02817	MORQUECHO, CYNTHIA	Jan 5-29, 2016	JAN 5-29, 2016 MILEAGE RE	18.34	18.34
43329	2/8/2016	02906	PARRA, KATHERINE	2000381.003	02/03/15 FLEXREG REFUND F	87.50	87.50
43330	2/8/2016	02909	TAPIA, ELIZABETH	Jan 19-29, 2016	JAN 19-29, 2016 MILEAGE RE	25.97	25.97
43331	2/8/2016	02910	RUBIN, MICHAEL	2000380.003	02/01/16 DEPOSIT REFUND	150.00	150.00
43332	2/8/2016	02911	STRATEGIC INSIGHTS, INC.	16Plan-It-039	PLAN-IT LICENSE CAPITAL PI	1,494.50	1,494.50
b total for FIRST NATIONAL BANK OF DALY CITY:						62,835.18	

41 checks in this report.

Grand Total All Checks:

62,835.18

Final Check List
Town of Colma

apChkLst
02/16/2016 10:28:51AM

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43333	2/16/2016	00005	ABAG PLAN CORPORATION	12/31/2015	DEC 2015 SELMAN BREITMAI	4,879.72	4,879.72
43334	2/16/2016	00051	CALIFORNIA WATER SERVICE	1/28/2016	WATER BILL	2,172.08	2,172.08
43335	2/16/2016	00057	CINTAS CORPORATION #2	Jan 2016	CLEANING SERVICE	771.82	771.82
43336	2/16/2016	00057	CINTAS CORPORATION #2	8402580754	PW FIRST AID SUPPLIES	209.70	209.70
43337	2/16/2016	00112	DEPARTMENT OF JUSTICE	147712	FINGERPRINT APPLICATIONS	32.00	32.00
43338	2/16/2016	00130	EMPLOYMENT DEVELOPMENT	Oct-Dec 2015	UNEMPLOYMENT INSURANCE	5,850.00	5,850.00
43339	2/16/2016	00181	IEDA	21010	LABOR RELATIONS CONSULT	1,279.00	1,279.00
43340	2/16/2016	00192	INTELLIGENT PRODUCTS INC	21443A	12 MUTT MITT SINGLES/2000	1,075.14	1,075.14
43341	2/16/2016	00306	INJURY CONTROL SYSTEMS	Townof588170	01/1/16 PRE-EMPLOYMENT S	397.00	397.00
43342	2/16/2016	00307	PACIFIC GAS & ELECTRIC	02/03/2016	PG&E	2,388.18	
				02/02/2016	PG&E	699.45	
				02/03/2016	PG&E	305.46	3,393.09
43343	2/16/2016	00388	SONITROL	1280182-IN	427 F ST. MONTHLY MONITOR	109.00	109.00
43344	2/16/2016	00414	TERMINEX INTERNATIONAL	L352083579	PEST CONTROL	467.00	
				352083580	601 F St	59.00	526.00
43345	2/16/2016	00928	SUPPLYWORKS	1758625-00	SOAP AND PAPER PRODUCT	847.09	847.09
43346	2/16/2016	01184	PENINSULA UNIFORMS & EQ	Jan 2016	UNIFORMS	2,187.99	2,187.99
43347	2/16/2016	01276	GONZALEZ, RAE	2000383.003	02/08/16 WITHDRAWAL REFUND	8.00	8.00
43348	2/16/2016	01549	BURNS, LORI	Jan 27-Feb 10, 2	JAN 27-FEB 10, 2016 WOSH T	285.12	285.12
43349	2/16/2016	01687	UNITED SITE SERVICES OF	114-3719526	STANDARD AND REGULAR S	118.98	118.98
43350	2/16/2016	02029	MAUREEN KANE & ASSOCIAT	March 15-18, 20	MARCH 15-18, 2016 TECHNIC	1,550.00	1,550.00
43351	2/16/2016	02179	HUB INTERNATIONAL OF CA	Jan 2016	INSURANCE EVENTS	128.04	128.04
43352	2/16/2016	02274	FRANK AND GROSSMAN LANI	150067	LANDSCAPE MAINTENANCE	10,675.00	10,675.00
43353	2/16/2016	02285	MIRA, DEBBIE	2000384.003	02/08/16 DEPOSIT REFUND	50.00	50.00
43354	2/16/2016	02337	TASER INTERNATIONAL, INC.	SI1427247	X1 HOLSTERS, BLACKHAWK	253.24	253.24
43355	2/16/2016	02864	MOBILE MODULAR MANAGEMENT	920771	24 X 60 HCD OFFICE RENTAL	657.27	
				916086	8 X 20 OFFICE HCD, RAMP RI	408.97	1,066.24
43356	2/16/2016	02896	GATCHALIAN, STEVEN	01/29/16 Reimbu	01/29/15 FUN FRIDAY SUPPLI	20.95	20.95
43357	2/16/2016	02912	PEJI, FE	2000386.003	02/08/16 DEPOSIT REFUND	300.00	300.00
43358	2/16/2016	02913	FARALLON COMPANY	#1	PMT #1 WORK COMPLETED	27,550.00	27,550.00
43359	2/16/2016	02914	GARCIA, RAPHAEL	02/07/16 Mileage	02/07/16 MILEAGE REIMBURSE	8.06	8.06

b total for FIRST NATIONAL BANK OF DALY CITY: 65,743.26

27 checks in this report.

Grand Total All Checks:

65,743.26

apChkLst

02/17/2016 12:35:03PM

Final Check List
Town of Colma

Page: 1

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43360	2/19/2016	00047	C.L.E.A.	2/19/2016	CLEA: PAYMENT	318.50	318.50
43361	2/19/2016	00068	COLMA PEACE OFFICER'S	2/19/2016	COLMA PEACE OFFICERS: P/	690.83	690.83
43362	2/19/2016	00282	CALIFORNIA PUBLIC EMPLOY	2/19/2016	HEALTH PREMIUM: ACTIVE P	68,674.93	68,674.93
43363	2/19/2016	00631	P.E.R.S.	2/19/2016	PERS - BUYBACK: PAYMENT	24,701.79	
				2/19/2016	PERS MISC NON-TAX: PAYME	8,987.97	33,689.76
43364	2/19/2016	01340	NAVIA BENEFIT SOLUTIONS	2/19/2016	FLEX 125 PLAN: PAYMENT	362.31	362.31
43365	2/19/2016	01360	VANTAGE TRANSFER AGENT'S	2/19/2016	ICMA CONTRIBUTION: PAYME	3,167.00	3,167.00
43366	2/19/2016	01375	NATIONWIDE RETIREMENT S	2/19/2016	NATIONWIDE: PAYMENT	5,575.00	5,575.00
43367	2/19/2016	02224	STANDARD INSURANCE COM	2/19/2016	LIFE INSURANCE: PAYMENT	337.70	337.70
43368	2/19/2016	02377	CALIFORNIA STATE DISBURS	2/19/2016	WAGE GARNISHMENT: PAYM	553.84	553.84
93327	2/19/2016	00130	EMPLOYMENT DEVELOPMEN	2/19/2016	CALIFORNIA STATE TAX: PAY	8,478.61	8,478.61
93328	2/19/2016	00521	UNITED STATES TREASURY	2/19/2016	FEDERAL TAX: PAYMENT	45,829.46	45,829.46
total for FIRST NATIONAL BANK OF DALY CITY:							167,677.94

Page: 1

11 checks in this report.

Grand Total All Checks:

167,677.94

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43369	2/22/2016	00020	ASSOCIATED SERVICES INC Jan 2016	2/18/2016	SUPPLIES	121.00	121.00
43370	2/22/2016	00051	CALIFORNIA WATER SERVICE 02/01/2016	2/1/2016	WATER BILL	129.49	129.49
43371	2/22/2016	00093	CITY OF SOUTH SAN FRANCISCO 1516387	2/11/2016	DISPATCH SERVICES	8,902.13	8,902.13
43372	2/22/2016	00112	DEPARTMENT OF JUSTICE 145933	2/3/2016	FINGERPRINT APPLICATIONS	595.00	595.00
43373	2/22/2016	00174	HOME DEPOT CREDIT SERVICE 01/29/2016	1/29/2016	DEC 30, 2015 - JAN 27, 2016 F	1,062.17	1,062.17
43374	2/22/2016	00254	METRO MOBILE COMMUNICATIONS 37635	2/9/2016	PVP WIRELESS MOTOR KIT F	2,241.45	2,241.45
43375	2/22/2016	00282	CALIFORNIA PUBLIC EMPLOY 1964	2/16/2016	MEDICAL INSURANCE	39,137.01	39,137.01
43376	2/22/2016	00288	HATFIELD, PATRICIA 2000395.003	2/16/2016	02/16/16 MONTEREY BAY AQU	65.00	65.00
43377	2/22/2016	00307	PACIFIC GAS & ELECTRIC 02/08/2016	2/8/2016	0512181543-4 LIGHTS & SIGN	1,945.87	1,945.87
			02/12/2016	2/12/2016	PG&E	76.96	76.96
43378	2/22/2016	00334	S.B.R.P.S.T.C. March 14-25, 20	2/19/2016	MARCH 14-25, 2016 MOTORC	127.00	127.00
43379	2/22/2016	00352	SERRAMONTE FORD, INC. 33476	12/21/2015	CAR #1 REPAIR FRONT BUMF	559.20	559.20
43380	2/22/2016	00412	TELECOMMUNICATIONS ENG 44112	2/10/2016	Facilities Mgmt & Maintenance	1,328.00	1,328.00
43381	2/22/2016	00534	SMC INFORMATION SERVICE 1YCL11601	2/10/2016	MICRO CHANNEL & LINES	1,255.50	1,255.50
43382	2/22/2016	00623	ARAMARK Jan 2016	1/31/2016	UNIFORM SERVICE	410.36	410.36
43383	2/22/2016	00693	DEGUJA, PRISCILLA 2000389.003	2/16/2016	02/16/16 ADULT COOKING CL	14.00	14.00
43384	2/22/2016	00830	STAPLES BUSINESS ADVANT 78037549800	1/9/2016	LYSOL WIPES, BIC WITE-OU1	147.57	147.57
			8037956298	2/6/2016	CD ENVELOPE WINDOW WH	11.53	11.53
43385	2/22/2016	00978	CASTRO, RUDOLFO 2000394.003	2/16/2016	02/16/16 DEPOSIT REFUND	300.00	300.00
43386	2/22/2016	01036	MANAGED HEALTH NETWORK 3200077167	3/1/2016	EMPLOYEE ASSISTANCE PRG	99.20	99.20
43387	2/22/2016	01037	COMCAST CABLE 02/11-03/10 601	2/7/2016	HIGH-SPEED INTERNET 601 I	106.20	106.20
43388	2/22/2016	01183	BEST BEST & KRIEGER LLP 765604	2/7/2016	CITY ATTORNEY SERVICES	16,817.43	16,817.43
			765605	2/7/2016	CITY ATTORNEY SERVICES	2,634.75	2,634.75
43389	2/22/2016	01276	GONZALEZ, RAE 2000392.003	2/16/2016	02/16/16 DIRTY DANCING WH	42.00	42.00
43390	2/22/2016	01367	DUO DANCE ACADEMY Jan 2016	2/16/2016	DANCE CLASSES	620.00	620.00
43391	2/22/2016	01399	WESTLAKE TOUCHLESS CAR Jan 2016	2/1/2016	PD CAR WASH	57.90	57.90
43392	2/22/2016	01414	VERANO HOMEOWNERS ASS3	3/1/2016	VERANO OWNERS ASSOCIAT	300.00	300.00
43393	2/22/2016	01565	BAY CONTRACT MAINTENAN(Feb 2016	2/10/2016	JANITORIAL SERVICES	7,706.91	7,706.91
			16379	2/10/2016	PAPER SUPPLIES	965.49	965.49
43394	2/22/2016	01728	ZELEDON, BERTHA 2000393.003	2/16/2016	02/16/16 DEPOSIT REFUND	300.00	300.00
43395	2/22/2016	02499	GE CAPITAL INFORMATION T196301560	2/5/2016	PD COPY MACHINE RENTAL	810.78	810.78
			96301557	2/5/2016	REC COPY MACHINE RENTAL	602.57	602.57
43396	2/22/2016	02510	REGIONAL GOVERNMENT SE5707	1/31/2016	CONTRACT P. RANKIN	5,698.50	5,698.50
43397	2/22/2016	02623	BLOEBAUM, CYNTHIA Feb 17, 2016 Ca	2/20/2016	COOKING CLASSES	490.00	490.00

Bank : first FIRST NATIONAL BANK OF DALY (Continued)

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43398	2/22/2016	02827	CORODATA SHREDDING, INC. RS2776616	1/31/2016	STORAGE	51.25	51.25
43399	2/22/2016	02863	PLACEWORKS, INC. 58427	1/31/2016	JAN 2016 CARMAX CEQA EN	489.60	489.60
43400	2/22/2016	02915	DASH MEDICAL GLOVES INC 666516	1/31/2016	BLACK MAXX NITRILE EXAM	535.52	535.52
43401	2/22/2016	02916	BERNESQUE, DEBBIE 33568P Refund	1/23/2016	33568P REFUND LIVE SCAN	10.00	10.00

b total for FIRST NATIONAL BANK OF DALY CITY:

96,767.34

33 checks in this report.

Grand Total All Checks:

96,767.34

Bank : first FIRST NATIONAL BANK OF DALY

Check #	Date	Vendor	Invoice	Inv Date	Description	Amount Paid	Check Total
43402	2/29/2016	00004	AT&T	2/13/2016	C3A1210TS01 01/13/16-02/12/	1,479.54	1,479.54
43403	2/29/2016	00051	CALIFORNIA WATER SERVICE	2/12/2016	1727052702 JSB ACROSS FR	76.50	76.50
43404	2/29/2016	00093	CITY OF SOUTH SAN FRANCISCO	2/18/2016	TRAFFIC SIGNAL MAINTENANCE	831.75	831.75
43405	2/29/2016	00099	D.C. LOCK & SECURITY SERV	2/26/2016	8 KEYS: 4 SC4-DND AND 4 S1	34.88	34.88
43406	2/29/2016	00117	DELTA DENTAL OF CALIFORNIA	3/1/2016	DENTAL INSURANCE	12,797.60	12,797.60
43407	2/29/2016	00307	PACIFIC GAS & ELECTRIC	2/19/2016	PG&E	2,033.13	
				2/18/2016	2039987372-6 OPPOSITE 507	11.25	
				2/18/2016	9956638930-2 NEXT TO 540 B	9.86	
43408	2/29/2016	00411	TURBO DATA SYSTEMS	1/31/2016	CITATION PROCESSING	116.40	2,054.24
43409	2/29/2016	00432	VISION SERVICE PLAN	2/19/2016	VISION SERVICE PLAN	1,054.20	116.40
43410	2/29/2016	00433	GRAINGER INC	2/17/2016	DIMMING BALLAST: 4 120-277	1,312.89	1,054.20
				2/22/2016	2 DIMMING BALLAST 120-277	341.30	1,654.19
43411	2/29/2016	00500	SMC CONTROLLERS OFFICE	2/25/2016	SAN MATEO COUNTY ACH P#	1.00	1.00
43412	2/29/2016	00659	ADAMSON POLICE PRODUCT	2/23/2016	10 9MM 147 GR JHP RANGER	220.72	220.72
43413	2/29/2016	00830	STAPLES BUSINESS ADVANT	2/13/2016	HP 05A BLACK TONER 2PK	177.66	177.66
43414	2/29/2016	01549	BURNS, LORI	2/24/2016	REIMBURSEMENT	355.74	355.74
43415	2/29/2016	02122	S & J SALES	2/21/2016	8 REPLACEMENT UPS BATTE	2,467.20	2,467.20
43416	2/29/2016	02224	STANDARD INSURANCE	2/16/2016	LIFE INSURANCE	242.00	242.00
43417	2/29/2016	02499	GE CAPITAL INFORMATION	2/19/2016	ADMIN COPY MACHINE RENT	1,365.74	1,365.74
43418	2/29/2016	02686	RABE, SEAN	2/16/2016	02/24/16 TARGET EXTENSION	26.47	26.47
43419	2/29/2016	02739	ZEBOHEAD AUTOMOTIVE INC	2/23/2016	08 FORD CROWN VIC A/C AD	397.38	397.38
43420	2/29/2016	02742	WOO, CASSANDRA	2/23/2016	FALL 2015 TUITION REIMBUR	1,000.00	1,000.00
43421	2/29/2016	02844	FONG, LYNN	2/24/2016	06/10/15 Refund Balance	18.00	18.00
43422	2/29/2016	02886	READY REFRESH BY NESTLE	2/20/2016	BOTTLED WATER SERVICE	38.17	38.17
43423	2/29/2016	02917	BROWN, OLIVIA GRACE	2/23/2016	02/23/16 DEPOSIT REFUND	300.00	300.00
43424	2/29/2016	02918	MORENO, ELIA	2/23/2016	02/23/16 DEPOSIT REFUND	150.00	150.00

b total for FIRST NATIONAL BANK OF DALY CITY: 26,859.38

23 checks in this report.

Grand Total All Checks:

26,859.38



STAFF REPORT

TO: Mayor and Members of the City Council
FROM: Sean Rabé, City Manager
MEETING DATE: March 9, 2016
SUBJECT: First Amendment to City Attorney Contract

RECOMMENDATION

Staff recommends that the City Council adopt the following resolution:

RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT WITH BEST BEST & KRIEGER LLP FOR LEGAL SERVICES

EXECUTIVE SUMMARY

The attached resolution approves the first amendment to the legal services agreement with Best Best & Krieger LLP (BBK) for City Attorney services. The amendment modifies the term of the original agreement by removing the expiration date, which previously was March 11, 2016. All other terms of the contract remain in full force and effect (including termination clauses).

FISCAL IMPACT

There is no direct cost to the Town by approving the proposed contract amendment, as all other terms of the contract (including the retainer amount) remain the same.

BACKGROUND

As the Council knows, former City Attorney Roger Peters retired effective December 31, 2014. In early 2015 a total of 12 firms submitted proposals for City Attorney services, with three firms being interviewed by the City Council. The Council unanimously selected BBK for legal services. Chris Diaz was formally appointed City Attorney upon successful contract negotiations, and has served in that capacity for the past year.

ANALYSIS

The original contract with BBK provided for a six-month evaluation period by the City Manager, in order to allow for any early performance issues to be rectified as soon as possible. I met with Mr. Diaz in October to discuss any concerns either he or I had. I have been very happy with Mr. Diaz's performance and had only minor, non-substantive comments. Those comments primarily centered around making sure he understood I and the Council wanted him to participate as much as he deemed necessary during meetings. Other than that, I have had no concerns whatsoever with his performance.

The original legal services contract had a termination date (one-year, with a one-year extension option available to the Town). The proposed amendment strikes that provision. It is very common for City Attorney contracts to not have a termination date.

Mr. Diaz continues to provide at least 10 hours of on-site “office hours” and has integrated well with the rest of the Town’s Leadership Team. We are very fortunate to have his legal expertise, and his demeanor meshes well with Town staff and Council. I wholeheartedly recommend Council approve the proposed contract amendment.

Values

Approval of the resolution is consistent with the Council’s adopted value of *responsibility* because it provides continuity in the City Attorney’s Office. The Council originally solicited multiple proposals in order to find the best fit for City Attorney, while still being cognizant of the costs associated with the contract.

Sustainability Impact

All activities undertaken by the City Attorney will fall under the Town’s adopted Climate Action Plan. BBK also uses environmentally friendly practices within its buildings, technology systems and office processes. The firm also has signed the State Bar of California lawyers eco-pledge and law office sustainability policy to help the environment by reducing the consumption of natural resources and its associated waste stream.

Alternatives

The City Council could not approve the resolution amending the City Attorney contract and, instead, could simply direct the City Manager to extend the contract by one year as provided by Section 3 of the agreement. Doing so, however, is not recommended because the Town would need to renegotiate the contract within a year anyway.

CONCLUSION

Staff recommends the City Council adopt the attached resolution approving the first amendment to the legal services agreement with Best Best & Krieger LLP.

ATTACHMENTS

- A. Resolution
- B. Legal Services Agreement First Amendment
- C. Original Legal Services Agreement

RESOLUTION NO. 2016-__
OF THE CITY COUNCIL OF THE TOWN OF COLMA

RESOLUTION APPROVING FIRST AMENDMENT TO CONTRACT WITH
BEST BEST & KRIEGER LLP FOR LEGAL SERVICES

The City Council of the Town of Colma does hereby resolve:

1. Background.

- (a) The Town of Colma previously entered into an agreement on March 11, 2015 entitled "Agreement for City Attorney Legal Services Between Town of Colma and Best, Best & Krieger LLP."
- (b) Based on the express terms of that Agreement, it is set to expire on March 11, 2016.
- (c) In order to ensure the continued services of Best, Best & Krieger, and in order to provide greater flexibility to the Town, Best, Best, & Krieger and the Town now desire to amend the Agreement in order to provide for a more flexible term provision.

2. Order.

- (a) The First Amendment to the contract between the Town of Colma and Best Best & Krieger LLP for legal services, a copy of which is on file with the City Clerk, shall be and hereby is approved by the City Council of the Town of Colma.
- (b) The Mayor shall be, and hereby is, authorized to execute said First Amendment on behalf of the Town of Colma, with such technical amendments as may be deemed appropriate by the City Manager and the City Attorney.

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Certification of Adoption

I certify that the foregoing Resolution No. 2016-## was duly adopted at a regular meeting of said City Council held on March 9, 2016 by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Diana Colvin, Mayor					
Helen Fisicaro					
Raquel Gonzalez					
Joseph Silva					
Joanne del Rosario					
Voting Tally					

Dated _____

Diana Colvin, Mayor

Attest: _____
Caitlin Corley, City Clerk

**FIRST AMENDMENT TO
AGREEMENT FOR CITY ATTORNEY LEGAL SERVICES
BETWEEN
TOWN OF COLMA
AND
BEST BEST & KRIEGER LLP**

This First Amendment is made and entered into as of March 11, 2016 by and between the Town of Colma, a municipal corporation ("Client") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

RECITALS

1.1 Client and BB&K entered into an agreement on March 11, 2015 entitled "Agreement for City Attorney Legal Services Between Town of Colma and Best, Best & Krieger LLP" for City Attorney legal services (the "Agreement").

1.2 Client and BB&K now desire to amend the Agreement to allow for a more flexible Term.

NOW THEREFORE, in consideration of the mutual covenants and conditions herein contained, the Client and BB&K agree to amend the Agreement as follows:

Section 1. Section 3.1, "Term" is hereby amended as follows:

"3.1 Term. The term of this Agreement shall commence on March 11, 2015 and shall continue in full force and effect until terminated in accordance with Section 3.12."

IN WITNESS WHEREOF, the Client and BB&K have executed this First Amendment for City Attorney Legal Services as of the date first written above.

TOWN OF COLMA

By: _____
Diana Colvin, Mayor

Date: _____

Attest:

Caitlin Corley, City Clerk

BEST BEST & KRIEGER LLP

By: _____
Jeff Ballinger
Chair, Municipal Law Practice Group
Partner

Date: _____



**AGREEMENT FOR CITY ATTORNEY LEGAL SERVICES
BETWEEN
TOWN OF COLMA
AND
BEST BEST & KRIEGER LLP**

1. PARTIES AND DATE.

This Agreement is made and entered into as of March 11, 2015 by and between the Town of Colma, a municipal corporation ("Client") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. RECITALS.

2.1 Roger C. Peters previously served as Assistant City Attorney and as City Attorney to the Town of Colma from 1974 to 2014. In 2004, Mr. Peters became affiliated with Best, Best & Krieger and the firm served as the Town's City Attorney from 2004 to 2015.

2.2 From September 2013 through the end of 2014, Christopher J. Diaz served as Assistant City Attorney to the Town of Colma. On January 1, 2015, Mr. Diaz was appointed as Interim City Attorney while the Town issued a Request for Proposals and interviewed potential City Attorney candidates.

2.3 After interviewing various candidates, the Town seeks to continue working with Best, Best & Krieger and wishes to appoint Mr. Diaz and BB&K to serve as its City Attorney to perform all necessary legal services on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on March 11, 2015 and terminate on March 11, 2016 unless:

3.1.1 Extended in writing by the parties;

3.1.2 Terminated in accordance with Section 3.12; or

3.1.3 Client exercises its option to extend this agreement for one additional year through March 11, 2017.

3.2 Scope of Services. BB&K shall serve as City Attorney and shall perform legal services ("Services") as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Providing all Basic Legal Services, as fully described in Exhibit A to this Agreement, in an eighty (80) hour per month retainer at \$16,800 per month, unless time in excess is required as more fully described in Exhibit A;

3.2.2. Providing ten (10) hours, of the eighty (80) retainer, per month attending office hours at Town Hall, or as otherwise directed by Client;

3.2.3 Preparation for, and attendance at, regular meetings of the Client;

3.2.4 Provision of legal counsel at such other meetings as directed by the Client;

3.2.5 Preparation or review of all Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.6 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.7 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.8 Performing legal work pertaining to property acquisition, property disposal, public improvements, public rights-of-way and easements, as directed by the Client;

3.2.9 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the Client;

3.2.10 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages.

3.3 Designated City Attorney. Christopher J. Diaz shall be designated as City Attorney, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. No change in this assignment shall be made without the consent of the Client.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all information and documents necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service.

3.7 Fees and Costs. BB&K shall render and bill for legal services in the following categories and at rates set forth in Exhibit "A" and in accordance with the BB&K Billing Policies set forth in Exhibit "B", both of which are attached hereto and incorporated herein by reference. In addition, the Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g. Lexis or Westlaw), research services performed by BB&K's library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 Reviews. The Client and BB&K agree that a review of performance and the compensation amounts referenced in this Agreement should occur at least annually. Client shall also have the option to review performance six months after the commencement date of the Term in Section 3.1 of this Agreement.

3.10 Insurance. BB&K carries errors and omissions insurance with Lloyd's of London. After a standard deductible, this insurance provides coverage beyond what is required by the State of California. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for

which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon thirty (30) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client.

3.13 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

3.14 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in San Mateo County.

3.15 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.16 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.18 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.19 Delivery of Notices. All notices permitted or required under this Agreement shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: Town of Colma
Attention: City Manager
1198 El Camino Real
Colma, CA 94014

BB&K: Best Best & Krieger LLP
Attention: Executive Committee
3390 University Avenue, 5th Floor
P.O. Box 1028
Riverside, CA 92502

3.20 Indemnification.

(A) BB&K agrees to indemnify City, its officers, employees and agents against, and will hold and save each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the work, operations or activities of BB&K, its agents, employees, subcontractors, or invitees, provided for herein or arising from the acts or omissions of BB&K hereunder, or arising from BB&K's performance of or failure to perform any term, provision, covenant or condition of this Agreement, except to the extent such claims or liabilities arise from the negligence or willful misconduct of City, its officers, agents or employees.

(B) City acknowledges BB&K is being appointed as City Attorney pursuant to the authority of Government Code Section 36505, and has the authority of that office. Accordingly, the City is responsible pursuant to Government Code Section 825 for providing a defense for the City Attorney for actions within the scope of its engagement hereunder. Therefore, City agrees to undertake its statutory duty and indemnify BB&K, its officers, employees and agents against and will hold and save each of them harmless from, any and all claims or liabilities that may be asserted or claims by any person, firm or entity arising out of or in connection with the work, operations or activities of BB&K within the course and scope of its performance hereunder, but nothing herein shall require City to indemnify BB&K for liability arising from its own negligence or alleged negligence. In connection herewith:

(i) City will promptly provide a defense and pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with such work, operations or activities of City hereunder; and

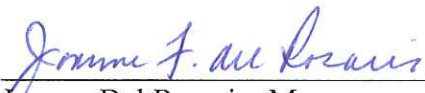
(ii) In the event BB&K, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against City for such damages or other claims solely arising out of or in connection with the work operation or activities of City hereunder, City agrees to pay to BB&K, its officers, agents or employees any and all costs and expenses incurred by attorney, its officers, agents or employees in such action or proceeding, including, but not limited to, legal costs and attorneys' fees.

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for City Attorney Legal Services as of the date first written above.

(signatures contained on following page)

**SIGNATURE PAGE TO
AGREEMENT FOR CITY ATTORNEY LEGAL SERVICES
BETWEEN
TOWN OF COLMA
AND
BEST BEST & KRIEGER LLP**

TOWN OF COLMA

By: 
Joanne Del Rosario, Mayor

Date: April 1, 2015

Attest: 
Sean Rabé City Clerk

BEST BEST & KRIEGER LLP

By: 
Jeff Ballinger
Chair, Municipal Law Practice Group
Partner

Date: March 24, 2015

EXHIBIT "A"
TO
AGREEMENT FOR CITY ATTORNEY LEGAL SERVICES
BETWEEN
TOWN OF COLMA
AND
BEST BEST & KRIEGER LLP

1. Basic Legal Services – Description and Rate. Basic Legal Services shall include all services provided to Client that are not otherwise specifically identified below as either Special Legal Services, Third Party Reimbursable Legal Services, or Public Finance Legal Services ("Basic Legal Services"). The Client shall pay for Basic Legal Services at the flat rate monthly retainer amount of Sixteen Thousand Eight Hundred Dollars (\$16,800) for up to a maximum of 80 hours in a given month. The Client shall pay for Basic Legal Services in excess of such hours in a given month at the following rates:

Attorneys:	\$ 215
Paralegals:	\$ 155
Law Clerks	\$ 155

2. Special Legal Services - Description. Special Legal Services shall include the following types of services:

- A. Non-routine real estate matters (e.g. CC&R's, deed or title work)
- B. Land acquisition and disposal matters (including pre-condemnation)
- C. Housing Matters
- D. Utility matters (e.g. telecommunications, electric, natural gas, water, rail or transit that involve state or federal regulatory issues)
- E. Fees and charges matters (e.g. Prop. 218 & Mitigation Fee Act)
- F. Public construction disputes
- G. Non-routine contract negotiation matters (including non-BB&K model agreements and franchise agreements)
- H. Non-routine land use and development matters (including general plan updates, Williamson Act issues, annexations and development agreements)
- I. Litigation and formal administrative or other adjudicatory hearing matters
- J. Labor relations and employment matters
- K. Complex environmental matters (e.g. CEQA, NEPA, endangered species)
- L. Water law matters (e.g. water rights & quality)
- M. Tax and ERISA related matters
- N. Toxic substances matters (e.g. CERCLA, RCRA)
- O. Other matters mutually agreed upon

3. Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following rates:

Partners/Of Counsel	\$ 270
Associate Attorneys	\$ 210
Paralegals	\$ 170
Law Clerks	\$ 170

4. Agreement Regarding Rate Categories. If BB&K believes that a matter falls within the Special Legal Services, Third Party Reimbursable Legal Services, or Public Finance Legal Services rate categories, BB&K shall seek approval from the City Manager or his/her designee. The City Manager's or his/her designee's approval of such a request from BB&K shall not be unreasonably withheld.

5. Annual Adjustments; Other Mutual Adjustments. The rates or amounts provided for in Sections 1 and 3 shall be automatically increased as follows: Blended rates and retainer amounts will be adjusted annually using the cost of living index. On July 1, 2016 and every July 1st thereafter during the term of this Agreement, rates and amounts shall be increased for the change in the cost of living for the twelve (12) month period published for the most recent calendar year end, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth in San Francisco-Oakland-San Jose area; provided, however, that such adjustment shall never be lower than zero percent (0%) nor more than five percent (5%). In addition to the automatic rate increases, either BB&K or the Client may initiate consideration of a rate increase at any time.

6. Third Party Reimbursable Legal Services - Description. Third Party Reimbursable Legal Services shall include legal services provided to the City for which the City receives reimbursement from a developer or other third party. These reimbursable legal services typically include review of CC&Rs; establishment of financing districts (i.e., Community Facilities Districts; Assessment Districts; Landscape and Lighting Maintenance Districts); and land use/environmental projects for which the City is entitled to reimbursement.

7. Third Party Reimbursable Legal Services - Rates. The Client shall pay for Third Party Reimbursable Legal Services at BB&K's then current published standard private client rates, minus ten percent (10%). Upon execution of this Agreement, BB&K shall provide a copy of its published rate schedule to the Client. BB&K shall also provide annual written updates to the Client when changes are made to the published rate schedule.

8. Public Finance Legal Services – Description & Rates. The Client shall pay for Public Finance Legal Services at the rates set forth for Public Finance Legal Services, below. For bond counsel and special counsel services in connection with the financing of public facilities, BB&K shall be compensated, depending upon the type of bonds, certificates of participation or other obligations that are to be issued, based on the following schedules. Unless otherwise mutually agreed, our fees as bond counsel on these financings will be payable from proceeds of each series of the bonds upon their issuance.

A. Certificates of Participation and Revenue Bonds. For services in connection with the issuance and sale of certificates of participation and revenue bonds, BB&K shall be paid a fee, which will be the greater of (i) \$35,000 or (ii) an amount based on the total principal amount of the certificates of participation or bonds to be sold, computed as follows:

.50% of the first \$10 million of the amount of the certificates or bonds issued, plus

.25% of the next \$10 million of the amount thereof, plus

.125% of the amount thereof, if any, over \$20 million.

Notwithstanding the foregoing, in those cases where the fees are reimbursable by a third party, at BB&K's option it may proceed on a hourly basis and utilize the Third Party Reimbursable Legal Services category provided for in this Agreement.

B. Community Facilities Districts. For services in connection with the issuance and sale of bonds of community facilities districts, BB&K shall be paid a fee, which will be the greater of (i) \$35,000 or (ii) an amount based on the total principal amount of the bonds to be sold, computed as follows:

.50% of the first \$10 million of the amount of the bonds issued, plus

.25% of the next \$10 million of the amount thereof, plus

.125% of the amount thereof, if any, over \$20 million.

Notwithstanding the foregoing, in those cases where the fees are reimbursable by a third party, at BB&K's option it may proceed on a hourly basis and utilize the Third Party Reimbursable Legal Services category provided for in this Agreement with respect to services rendered for the formation of or annexation to a CFD, as well as the negotiation and preparation of funding agreements and joint financing agreements. Hourly compensation shall be payable solely from deposits of third parties and bond counsel fees shall be payable solely from the proceeds of the sale of bonds.

C. Assessment Districts. For services in connection with the issuance and sale of bonds of assessment districts, BB&K shall be paid a fee, which will be the greater of (i) \$35,000 or (ii) an amount based on the total principal amount of the bonds to be sold, computed as follows:

.50% of the first \$6 million of the amount of the bonds issued, plus

.25% of the next \$10 million of the amount thereof, plus

.125% of the amount thereof, if any, over \$16 million.

Notwithstanding the foregoing, in those cases where the fees are reimbursable by a third party, at BB&K's option it may proceed on a hourly basis and utilize the Third Party Reimbursable Legal Services category provided for in this Agreement with respect to services rendered for the formation of or annexation to an AD, as well as the negotiation and preparation of funding agreements and joint financing agreements. Hourly compensation shall be payable solely from deposits of third parties and bond counsel fees shall be payable solely from the proceeds of the sale of bonds.

D. Tax Allocation Bonds. For services in connection with the issuance and sale of tax allocation bonds. BB&K shall be paid a fee, which will be the greater of (i) \$35,000, or (ii) an amount based on the total principal amount of the bonds to be sold, computed as follows:

.50% of the first \$6 million of the amount of bonds issued, plus

.25% of the next \$4 million of the amount of bonds issued, plus

.20% of the next \$5 million of the amount of bonds issued, plus

.15% of the next \$5 million of the amount of bonds issued, plus

.125% of the amount thereof, if any, over \$20 million.

Notwithstanding the foregoing, in those cases where the fees are reimbursable by a third party, at BB&K's option it may proceed on a hourly basis and utilize the Third Party Reimbursable Legal Services category provided for in this Agreement.

E. Investment and Other Agreements. For investment agreements, derivative transactions or interest rate swaps relating to any bond issue, a separate fee will be charged depending on the type of derivative. Generally, our fee for a derivative transaction mirrors our bond counsel fee. Review of investment agreements will be charged at our hourly rates.

F. Issuer's Counsel Opinions. For all Issuer's Counsel opinions provided by BB&K in connection with any bond financing, fees shall be the following: (1) for opinions on financings for which BB&K does not provide bond counsel and disclosure counsel services, \$10,000; (2) for opinions on financings for which BB&K provides bond counsel services only, \$5,000; (3) for opinions on financings for which BB&K provides disclosure counsel services only, \$2,500; and (4) for opinions on financings for which BB&K provides both bond and disclosure counsel services, there will be no charge.

G. Other Public Finance Services. If other services are requested by the City that are not within the scope of those provided for above, they will be performed on an hourly basis at the Special Legal Services category provided for in the Agreement.

EXHIBIT "B"
TO
AGREEMENT FOR CITY ATTORNEY LEGAL SERVICES
BETWEEN
TOWN OF COLMA
AND
BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or to Judy Ismael of our Accounting Department. Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .3 hour) and letters (minimum .5 hour), and on an actual basis for all other work. Our attorneys are currently billed at rates from \$210 to \$690 per hour, and our administrative assistants, research assistants, paralegals and law clerks are billed at rates from \$130 to \$275 per hour. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate charge is made for secretarial or word processing services; those costs are included

within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of

record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP





STAFF REPORT

TO: Mayor and Members of the City Council
FROM: Sean Rabé, City Manager
MEETING DATE: March 9, 2016
SUBJECT: FY 2014-15 Basic Financial Statement And Audit

RECOMMENDATION

Staff recommends that the City Council receive a presentation from the Town's auditor and then adopt the following resolution:

RESOLUTION ACCEPTING AUDITOR'S REPORTS AND FINANCIAL STATEMENTS FOR
THE FISCAL YEAR ENDING JUNE 30, 2015

EXECUTIVE SUMMARY

In accordance with prudent financial management, the Town retains an independent auditor to prepare the Town's annual financial statements. As with previous years, the firm R.J. Ricciardi, Certified Public Accountants, has audited the Town's financial records and has prepared the attached Basic Financial Statements for fiscal year 2014-15. The Auditor found that:

1. The Financial Statements present in a fair and accurate manner the financial position of the government activities of the Town. Each major fund, and the remaining fund balances as of June 30, 2015.
2. The Auditor has made one observation with a recommendation for procedural changes regarding the attachment of background schedules to the bank account reconciliations.
3. The Auditor has issued a separate compliance report regarding the receipt and use of Measure A Transportation funds.
4. The Auditor reviewed the Appropriations Limit (Gann Limit) calculation and issued a report which had found no exceptions in the calculations.

FISCAL IMPACT

None.

BACKGROUND

The Town retained the services of R.J. Ricciardi, CPA, to conduct an independent audit of the Town's financial statement for fiscal year ending June 30, 2015. The 2014-15 Basic Financial Statements, Management Report, 2014-15 Measure A Fund Component Unit Financial Statements, and Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet, are attached to this staff report.

A representative from the firm will be at the Council meeting to present the audit and answer any questions the Council may have.

ANALYSIS

The firm conducted the review in accordance with generally accepted auditing standards and found that the financial statements fairly present the Town's financial position. The Town has received a "clean" audit for FY 2014-15 with no adverse findings or recommendations. This means the financial information is presented fairly and accurately based on the review by the Auditors. The financial statements also incorporate new reporting requirements for retirement plan liabilities as required by Government Accounting Standards Board (GASB) statement No. 68.

As part of the Audit process the Auditors also review procedures and make recommendations on improvements. The Auditors had one recommendation related to making sure that back-up details are retained with the bank account reconciliations. Staff has been made aware of this requirement and attached the required documents to the past reports.

The Town receives Measure A transportation funds from San Mateo County. In Fiscal Year 2014-15 these funds were expended on the Hillside Boulevard Improvement Project. The Program requires the Town to complete a separate audit of these funds. In addition to Financial testing of transactions the Auditors do additional review to provide a reasonable assurance that the Town of Colma has complied with certain provisions of Measure A. The results of the Audit did not identify any areas of non-compliance.

Annually the Town is required to calculate an Appropriations Limit which is presented in the Budget and adopted by the Council. State Law does not require an "Audit" of the proceeds of taxes, but does require a review completing specific procedures. This review was completed by the Auditors with no exceptions being noted.

Values

Approval of the attached resolution is consistent with the Council's core value of responsibility because the annual audit process provides an objective, expert assessment of the Town's financial condition and financial reporting process.

Alternatives

None. In addition to supporting good governance, the completion of Audited Financial Statements is a requirement of the Certificate of Participation (COP) debt issuance and rules imposed by the SEC.

CONCLUSION

Staff recommends the City Council receive the presentation from the Town's auditor, then adopt a resolution accepting the Auditor's reports for Fiscal Year 2014-15.

ATTACHMENTS

- A. Resolution
- B. FY 2014-15 Basic Financial Statements
- C. Management Report
- D. FY 2014-15 Measure A Fund Component Unit Financial Statements
- E. Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet



**RESOLUTION NO. 2016-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION ACCEPTING AUDITOR'S REPORTS AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

The City Council of the Town of Colma does hereby resolve as follows:

1. Background

(a) R.J. Ricciardi, Certified Public Accountants (Auditor) undertook, pursuant to contract with the Town of Colma, to perform an independent audit of the Town's FY 2014-15 Financial Statements and the Town's FY 2014-15; Measure A Fund Component Unit Financial Statement; and Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet.

(b) Auditor reported that it has completed said audit and has found that the financial statements present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colma as of June 30, 2015, and the respective changes in the financial position for the year then ended. The Auditor further reported that all the financial statements were in conformity with U.S. generally accepted accounting principles.

(c) Auditor has made one recommendation for a change in the Town's financial procedures. The change is a minor one related to background documentation to be maintained with the bank reconciliation.

(d) The Auditor reviewed the calculation of the Fiscal Year 2015-16 appropriations limit in the amount of \$40,571,394. No exceptions were identified in the calculations made by the Town.

2. Findings

The City Council finds that the balances as presented in the Financial Statements for the fiscal year ending June 30, 2015 are accepted and shall be reflected in the Town accounting records.

3. Report and Audited Statements Accepted

The report of the Auditor, the Town's FY 2014-15 Audited Financial Statement, and the Town's FY 2014-15 Audited Measure A Fund Component Unit Financial Statement, and the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet are hereby accepted. The City Manager shall take all necessary steps to file and distribute the reports as required by external agencies.

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Certification of Adoption

I certify that the foregoing Resolution No. 2016-## was duly adopted at a regular meeting of the City Council of the Town of Colma held on March 9, 2016, by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Diana Colvin, Mayor					
Helen Fisicaro, Vice Mayor					
Joanne del Rosario					
Raquel Gonzalez					
Joseph Silva					
<i>Voting Tally</i>					

Dated _____

Diana Colvin, Mayor

Attest: _____
Caitlin Corley, City Clerk

TOWN OF COLMA
COLMA, CALIFORNIA
BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

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INTRODUCTORY SECTION



TOWN OF COLMA

1198 El Camino Real • Colma, California • 94014-3212
Tel 650-997-8300 • Fax 650-997-8308

January 29, 2015

City Council

Diana Colvin
Mayor

Helen Fisicaro
Vice Mayor

Raquel "Rae" Gonzalez
Council Member

Joseph Silva
Council Member

Joanne F. del Rosario
Council Member

City Officials

Sean Rabé
City Manager

Kirk Stratton
Chief of Police

Christopher Diaz
City Attorney

Caitlin Corley
City Clerk

Brian Dossey
Director of Recreation
Services

Lori Burns
Human Resources Manager

Brad Donohue
Public Works Director

Michael Laughlin, AICP
City Planner

Cyrus Kianpour
City Engineer

To the Members of the City Council, and Residents of the Town of Colma:

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Colma (the Town) for the year ended June 30, 2015. The purpose of the report is to provide the City Council, City Staff, residents, bond holders, and other interested parties with useful information concerning the Town's operations and financial position. The Town management is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. It has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), and other rule-making bodies. We believe the report contains all disclosures necessary for the reader to understand the Town's financial affairs.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose.

STEWARDSHIP

The Town prepares financial reports to promote accountability. The Town's elected officials are accountable to the citizens; Town management is accountable to the elected officials. This report gives citizens and other interested parties one means of assessing whether the elected and appointed officials in the Town have faithfully carried out their role of being good stewards of the Town's resources.

In order to enhance the degree of confidence of intended users of the financial statements, The Town provides for an annual financial audit. The purpose of the audit is to provide reasonable assurance that the financial statements are presented fairly, in all material respects, and/or give a true and fair view in accordance with the financial reporting framework. R. J. Ricciardi, Inc, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Town of Colma's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

REPORT FORMAT

There are three main sections in this report:

- Section I, the introductory section, contains the table of contents, this transmittal letter, and other general interest material.
- Section II, the financial section, contains the auditor's opinion, Management's Discussion and Analysis (MD&A), the basic financial statements, notes to the financial statements, and detailed combining and individual statements and schedules for the Town's funds.
- Section III, the statistical section, includes a history of financial and non-financial data that give a context in which to understand the Town's financial statements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

IMPORTANCE OF FINANCIAL REPORTING

The Town's management is responsible for establishing a system of internal controls which are structured to protect the Town assets from loss or unauthorized use or disposal. Providing reliable financial records is also an integral component used to maintain accountability over Town assets.

As the Town's governing board, the City Council is responsible to ensure that the Town's administration fulfills its responsibilities in the preparation of the financial statements. Accordingly, the City Council reviews the scope of the Town's audits and the accounting principles applied in the Town's financial reporting.

To ensure independence, the Town's Auditor, R. J. Ricciardi, Inc, had full and free access to meet with the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of the Town's financial reporting.

PROFILE OF THE GOVERNMENT

The Town of Colma, known worldwide as the "City Of Souls," is the smallest city in San Mateo County with over 1,400 residents and 1.5 million "souls." However, Colma is more than just 16 cemeteries. Colma's commercial buildings make a distinct architectural statement resulting from design standards that encourage Spanish-Mediterranean motifs. Colma boasts an old-world charm all its own, from its brick-paved residential streets and ornamental street lamps to its restored historical museum and railroad depot located at its 5,500 square foot Community Center. The state-of-the-art Police Station complements the architecture of the historic and charming Town Hall across the street.

Within its two square mile boundary, the Town enjoys a strong retail tax base with two shopping centers, one of Northern California's most complete collections of car dealerships and a cardroom. There are two Bay Area Rapid Transit (BART) Stations nearby.

The Town's five-member City Council sets government and planning policies. Colma has a modern infrastructure with a professional staff who are easily accessible to residents and local businesses. A

monthly newsletter is distributed with timely information about the City Council Agenda, upcoming community events and special interest articles.

This small-town approach to modern, municipal government reflects a commitment to both a healthy business climate and a harmonious relationship with residents.

BUDGET PROCESS

The Town Council is required to adopt a final budget by no later than July 1st which is the beginning of the fiscal year. The annual budget serves as the foundation for the Town of Colma's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The Town's fiscal year starts on July 1st and ends on June 30th. Staff prepares a Mid-Year Budget Review and presents it to the Council and the public at a regular City Council meeting. The Proposed Budget for the next fiscal year is prepared by Staff and presented to the City Council for review and discussion at their April and May meetings. The budget is available for public review several days prior to these meetings. Revisions to the Draft Budget are made and the document is presented again to the Council for additions discussion during a public hearing conducted at a June meeting. At the conclusion of the public hearing, the Council takes action on the budget.

ECONOMIC OVERVIEW

The Town of Colma is the smallest municipality in San Mateo County with 1,480 residents. Retail sales tax and cardroom taxes are the most significant funding sources. Due to a very small population and large retail sales outlets such as Serramonte Boulevard Auto Row and big box retail at its two shopping centers: 280 Metro and Serra Center; the Town's per capita sales tax ranking is among the top five in the State of California. This reliance on sales taxes makes the Town vulnerable to changes in consumer spending and impacts when retail establishments relocate outside the Town limits.

Colma benefits from its location in a region where job growth has continued to outpace the national average with lower than average unemployment rates. In order for the Town's retail base to remain strong, positive employment factors support increased consumer purchases. In a 2014 study the Silicon Valley Institute reported that job levels in the area were 8.3 percent above the pre-recession peak.

With auto sales representing a significant portion of the Sales tax base trends in this sector are also expected to impact the Towns Revenue. The National Auto Dealers Association reported that 2015 represented the sixth year of overall sales growth 2009. The number of vehicles sold nationwide are not expected to continue to be sustained at the same growth rate as occurred over the last five years.

The Town is uniquely challenged in its efforts to diversify its revenue base. With 76% of the Town's two square miles developed as cemeteries or zoned for cemetery usage, and the remainder substantially developed. This limits the amount of property tax that can be generated. Property Tax revenue represented only about 3.3 percent of Town General Fund revenue.

Overall national economic forecasts continue to expect growth in consumer spending in the coming year, which will continue positive trends for the Town.

GENERAL FUND BALANCE

The City Council's approved Reserve Policy complies with Governmental Accounting Standards Board (GASB) Statement 54 which established five categories of reserve. The City Council also has adopted criteria for allocating its General Fund reserves among these categories.

The Town's total Fund Balance in the General Fund is \$28,117,913. Fund Balance is comprised of three components in accordance with the Town's reserve policy highlighted above: a Committed portion of \$13,576,000; an Assigned portion of \$950,000; and an Unassigned portion (available for spending at the government's discretion) of \$13,591,913. Included in the unassigned portion are funds for planned Capital Projects to be undertaken in future years.

MAJOR INITIATIVES DURING THE YEAR

The following section provides information related to the progress achieved on key initiatives during Fiscal Year 2014-2015.

Update of Major Planning Documents

The law states that each city shall "periodically review, and revise, as necessary, the general plan." The California Supreme Court stated that, "...while there is no statutory requirement that the General Plan be updated at any given interval, there is an implied duty to keep the General Plan current." A companion to the General Plan is the Housing Element. The updated version was adopted and received State certification. Significant progress was also made on the General Plan which is a multi-year project. The General Plan is scheduled to be finalized in the upcoming year.

Technology Improvements

The Town completed a variety of projects that modernized the delivery of public services, by replacing and improving the use of computer systems. This included: installation of a new fiber network connection between City servers located in the Police Facility and Town Hall; installation of a records management system for Police Services which included cameras and mobile terminals; and replacement of Recreation Department software.

Efforts To Control Expenditures and Address Long Term Liabilities

Management of current costs as well as addressing liabilities are recognized as important for the long term fiscal health of the Town. The Town achieved improved cost savings as part of the renegotiation of the bulk cable service agreement with the local cable television provider. The Town Council also examined Retiree Health obligations and authorized establishment of a Trust Fund to reduce liabilities. The Town is also examining retirement cost increases to begin planning for increases that are being phased in over the next five years.

Capital Projects

The Town completed Phase 1 of the Hillside Beautification Project which included street and landscape improvements. The Town also initiated design services for a major renovation of the Town Hall that will also provide consolidation of public services from one facility.

AWARDS

The Town received the Government Finance Officers Association's Distinguished Budget Presentation Award and the Excellence Award in Operating Budget from the California Society of Municipal Finance Officers for its FY 2014-15 document.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the entire finance and administration staff. Credit also must be given to the City Council for their strong support for maintaining the highest standards of professionalism in the management of the Town of Colma's finances.

Respectfully submitted,

A handwritten signature in blue ink, reading "Sean Rabé".

Sean Rabé
City Manager

**Town of Colma
List of Elected and Appointed Officials
As of June 30, 2015**

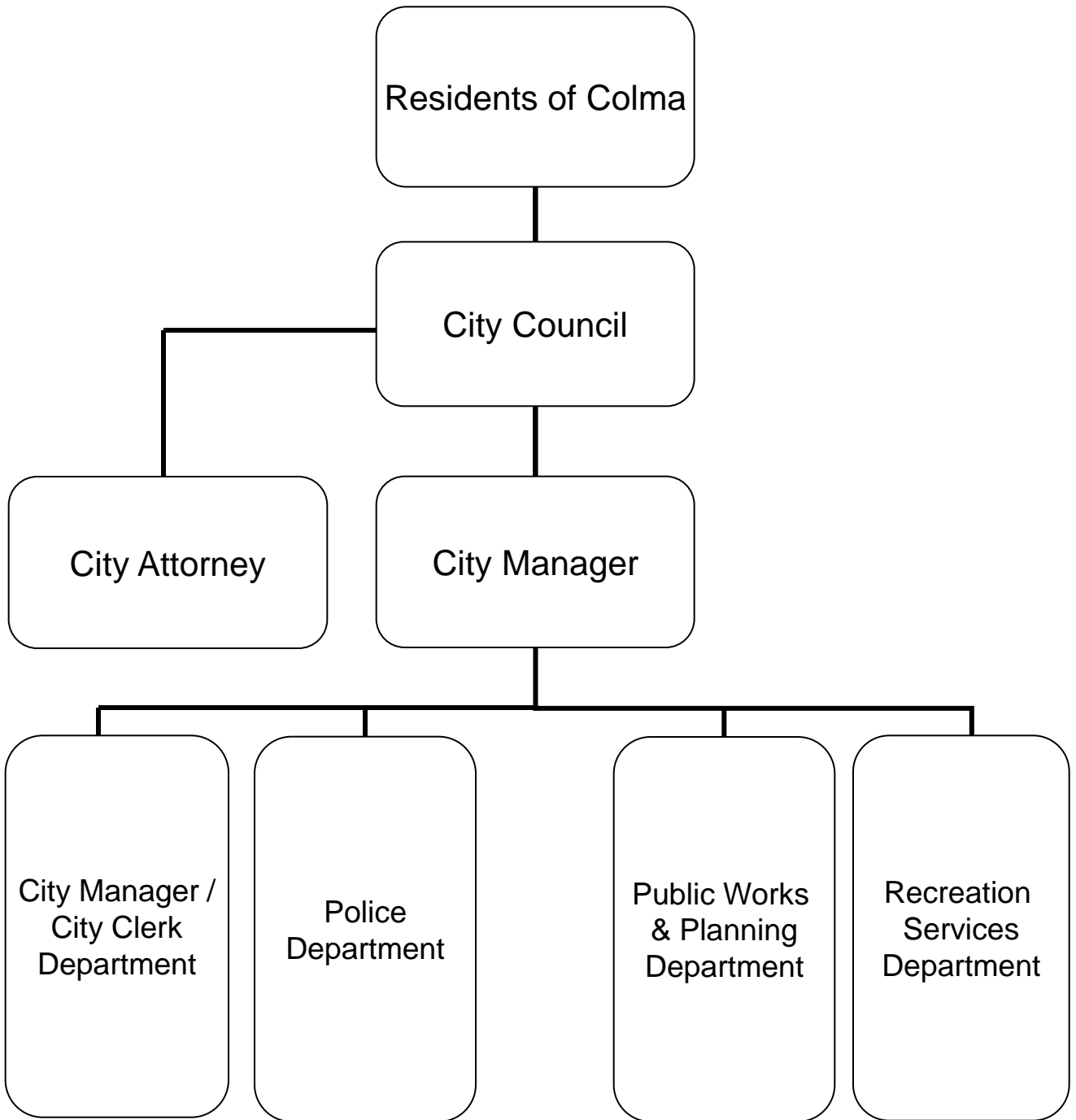
Elected Officials

Mayor	Joanne F. del Rosario
Vice Mayor	Diana Colvin
Council Member	Helen Fisicaro
Council Member	Raquel “Rae” Gonzales
Council Member	Joseph Silva

Appointed Officials

City Manager	Sean Rabé
City Attorney	Christopher Diaz
Building Official	Michael Cully
Chief of Police	Kirk Stratton
City Planner	Michael Laughlin
Human Resources	Lori Burns
Recreation Services Director	Brian Dossey
Public Works Director	Brad Donohue

Town of Colma



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Colma
Colma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Colma's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, we consider internal control relevant to Town of Colma'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 Town of Colma'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Colma, as of June 30, 2015, and the respective changes in financial position for the year then 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, which follows this report letter and the Budgetary Comparison Schedule for the General Fund (page 35) 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise of the Town of Colma's basic financial statements. The Supplementary Information as identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, listed as Combining and Individual Fund Schedules, is 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, 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 information is fairly stated, in all material respects in relation to the financial statements as a whole.

The Introductory Section and Statistical Section have 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 them.

R. J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 4, 2016

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The following discussion provides readers of Town of Colma's basic financial statements a narrative overview and analysis of the financial activities of Town of Colma (the Town) for the fiscal year ended June 30, 2015. Please read this document in conjunction with the accompanying basic financial statements.

FISCAL YEAR 2015 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2015 include the following:

Entity-wide:

- The Town's total net position was \$62,404,421 as of June 30, 2015.
- Entity-wide Governmental revenues include program revenues of \$1,260,516 and general revenues of \$15,641,282 for a total of \$16,901,798.
- Entity-wide Governmental expenses were \$12,379,447.

Fund Level:

- Governmental Fund balances increased \$595,024 in fiscal year 2015.
- Governmental Fund revenues increased \$769,744 in fiscal year 2015.
- Governmental Fund expenditures decreased \$9,361,557 in fiscal year 2015. This major change reflects the fact that in the previous year the Town had a major expense related to retiring the COP debt.

General Fund:

- General Fund revenues were \$599,238 higher than the prior year.
- General Fund expenditures represented an increase of \$583,500 from the prior year. The change in expenditures includes a \$1 million contribution to the OPEB retiree medical trust.
- General Fund's fund balance of \$28,117,913 as of June 30, 2015, was larger than fiscal year 2014's ending fund balance of \$27,467,979. This is an increase of \$649,934.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into two parts:

- 1) Management's Discussion and Analysis (MD&A);
- 2) The Basic Financial Statements, which include the Entity-wide and the Fund Financial Statements, along with the Notes to these financial statements.

The Basic Financial Statements

The Basic Financial Statements comprise the Entity-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Town's financial activities and financial position.

The Entity-wide Financial Statements provide a longer-term view of the Town's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the Town as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The Fund Financial Statements report the Town's operations in more detail than the Entity-wide statements and focus primarily on the short-term activities of the Town's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Town and are presented individually, while the activities of Non-major Funds are presented in summary. Major Funds are explained below.

The Entity-wide Financial Statements

Entity-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Town as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

- Governmental Activities – All of the Town's basic services are considered to be governmental activities. These services are supported by general Town revenues such as taxes, and by specific program revenues such as user fees and charges.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Town's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the Town for the year, and may change from year-to-year as a result of changes in the pattern of the Town's activities.

In the Town's case, the General Fund is the major fund for the fiscal year ended June 30, 2015.

Fund Financial Statements include governmental funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Comparisons of Budget and Actual financial information are presented only for the General Fund, as required by GASB Statement No. 34.

FINANCIAL ACTIVITIES OF THE TOWN AS A WHOLE

This analysis focuses on the net position and changes in net position of the Town as a whole. Tables 1, 2 and 3 focus on the Town's Governmental Statement of Net Position and Statement of Activities.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

Governmental Activities

Table 1
Governmental Net Position at June 30, 2015
Governmental Activities

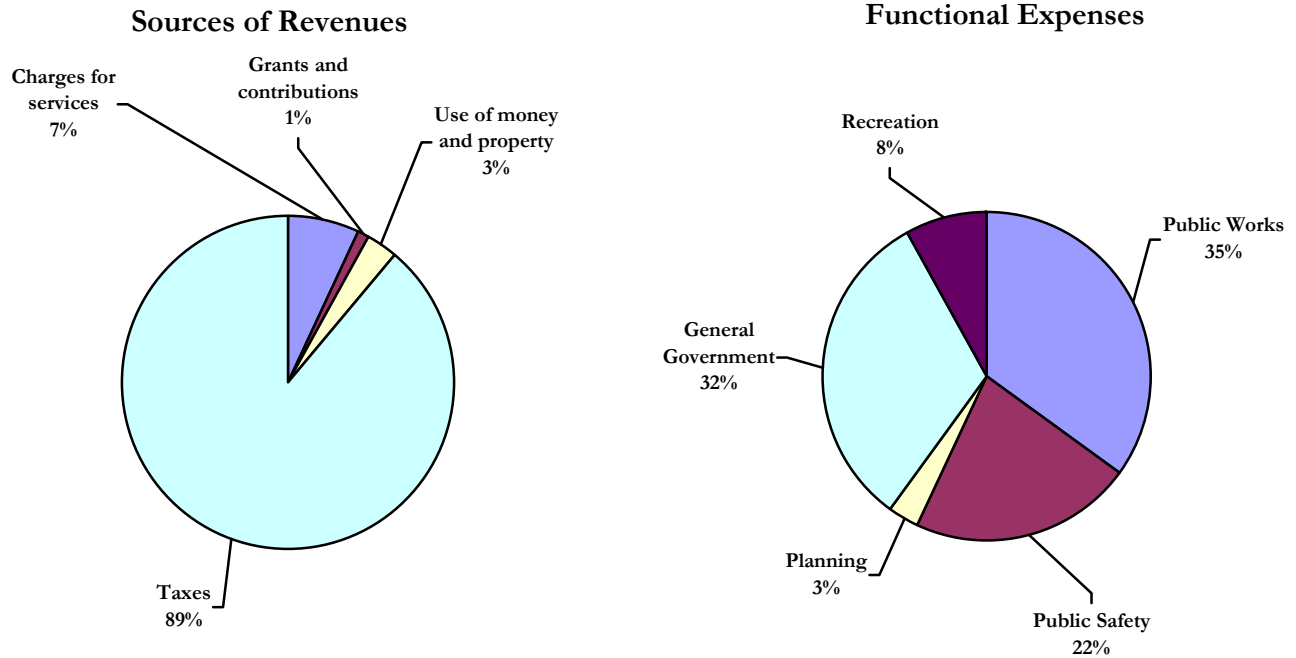
	2015	2014
Current and other assets	\$ 28,657,680	\$ 28,295,109
Capital assets, net of accumulated depreciation	<u>46,404,513</u>	<u>44,599,385</u>
Total assets	<u>75,062,193</u>	<u>72,894,494</u>
Deferred outflows	<u>936,957</u>	
Current liabilities	515,429	747,881
Long-term liabilities	<u>13,467,657</u>	<u>6,787,161</u>
Total liabilities	<u>13,983,086</u>	<u>7,535,042</u>
Deferred inflows	<u>(388,357)</u>	
Net position:		
Invested in capital assets, net of debt	46,404,513	44,599,385
Unrestricted	<u>15,999,908</u>	<u>20,760,067</u>
Total net position	<u>\$ 62,404,421</u>	<u>\$ 65,359,452</u>

The Town's governmental net position amounted to \$62,404,421 as of June 30, 2015, a decrease of \$2,955,031 from 2014. This decrease is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2.

The Town's net position as of June 30, 2015 comprised the following:

- Cash and investments of \$26,663,781 in the Town Treasury. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 4A to the financial statements.
- Other assets of \$1,993,899 as explained in Note 4B to the financial statements.
- Capital assets of \$46,404,513, net of depreciation charges, which includes all the Town's capital assets used in governmental activities as discussed in Note 4C.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$515,429.
- Long-term liabilities payable of \$13,467,656, as explained in Note 4E (page 24) to the financial statements. The increase in long-term liabilities is due to new reporting requirements for retirement plan liabilities.
- Net position invested in capital assets, net of related debt, of \$46,404,513, representing the Town's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance those investments.
- Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The Town had \$15,999,908 of unrestricted net position as of June 30, 2015.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015



As the Sources of Revenues Chart shows, \$15,065,130, or 89%, of the Town's fiscal year 2015 governmental activities revenue came from taxes, while \$138,809, or 1%, came from grants and contributions, \$427,801, or 3%, came from use of money and property, and \$1,121,707, or 7%, came from charges for services.

The Functional Expenses Chart includes only current year expenses; it does not include capital outlays, which were added to the Town's capital assets. As the Chart shows, general government is \$3,903,936, or 32%, of total government expenses, planning is \$410,942, or 3%, public works is \$4,285,679, or 35%, public safety is \$2,832,021, or 22%, and recreation is \$946,869, or 8%.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

The Statement of Activities presents program revenues and expenses, and general revenues in detail. All of these are elements in the Changes in Governmental Net Position summarized below.

Table 2
Changes in Governmental Net Position
Governmental Activities

	2015	2014
<u>Expenses</u>		
General government	\$ 3,903,936	\$ 2,967,299
Planning	410,942	417,626
Public works	4,285,679	3,915,614
Public safety	2,832,021	6,257,453
Recreation	946,869	908,687
Interest	-	483,814
Total expenses	<u>12,379,447</u>	<u>14,950,493</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	1,121,707	1,003,915
Capital grants and contributions	138,809	479,793
Total program revenues	<u>1,260,516</u>	<u>1,483,708</u>
General revenues:		
Taxes	15,065,130	13,910,263
Use of money and property	427,801	615,754
Other	148,351	122,329
Total general revenues	<u>15,641,282</u>	<u>14,648,346</u>
Total revenues	<u>16,901,798</u>	<u>16,132,054</u>
Change in net position	<u>\$ 4,522,351</u>	<u>\$ 1,181,561</u>

As the Sources of Revenue Chart and Table 2 above show, \$1,260,516, or 8%, of the Town's fiscal year 2015 governmental revenue, came from program revenues and \$15,641,282, or 92%, came from general revenues such as taxes, interest and miscellaneous receipts.

Program revenues were composed of charges for services of \$1,121,707, which include sewer service fees, permit revenues, fees and charges used to fund expenses incurred in providing services; and grants and contributions of \$138,809 that consist mainly of revenue from other agencies.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Analyses of Major Funds

Governmental Funds

General Fund

General Fund revenues increased \$769,744 this fiscal year mainly due to an increase in the revenue generated from sales tax and small increases in charges for services.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

General Fund expenditures were \$12,948,461, an increase of \$583,500 from the prior year. Expenditures were \$595,689 lower than budgeted as departments experienced staff vacancies and efforts were made to adjust contract service levels to contain costs.

As of June 30, 2015, the General Fund's fund balance totaled \$28,117,913. The unassigned portion of fund balance is \$13,591,913 and represents available liquid resources.

Other Governmental Funds

These funds are not presented separately in the basic financial statements.

CAPITAL ASSETS

GASB Statement No. 34 requires the Town to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2015, the Town reported the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2015 the cost of infrastructure and other capital assets recorded on the Town's financial statements is shown in Table 3 below:

Table 3
Capital Assets at Year-end

	<u>Balance at June 30, 2015</u>
<u>Governmental Activities</u>	
Land	\$ 7,595,471
Construction in progress	614,005
Infrastructure-street systems	27,025,710
Buildings	19,439,225
Improvements other than buildings	3,478,524
Machinery and equipment	2,190,373
Less: accumulated depreciation	<u>(13,938,795)</u>
Governmental activity capital assets, net	<u>\$ 46,404,513</u>

Detail on capital assets and current year additions can be found in Note 4C.

The Town depreciates all its capital assets over their estimated useful lives, as required by GASB Statement No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 4C to the financial statements.

DEBT ADMINISTRATION

The Town issued no new bonded debt in fiscal year 2015.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

As of June 30, 2015, the Town's debt issues comprised:

Table 4
Outstanding Debt

	<u>June 30, 2015</u>
<u>Governmental Activity Debt:</u>	
Net Other Post-Employment Benefit Obligation	\$ 5,640,506
Net Pension Liability	6,884,624
Compensated absences	<u>942,526</u>
	<u>\$ 13,467,656</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Colma is the smallest municipality in San Mateo County with 1,480 residents. The two most significant sources of annual revenue are retail sales tax and cardroom taxes. These two sources of revenue accounted for approximately 83% of the total revenue in government funds in the year ending June 30, 2015.

While this reliance on sales taxes makes Town of Colma vulnerable to changes in consumer spending, there are consistent signs that the economy has continued to recover compared to previous years. Sales tax revenues have continued to grow since FY 2010, the low point of the recession. The FY 2015-16 Adopted Budget assumes sales tax revenues are \$10.5 million (includes both local sales tax and State "triple flip reimbursement") – or 1.7 percent higher than FY 2014-15 actual revenues of \$10,327,853. A significant portion of the sales tax is related to automobile sales. As increases in sales in this auto sector have tapered off, it will also be reflected in slower growth in revenue for the Town.

Cardroom taxes are estimated to remain relatively flat. The FY 2014-15 Actual revenue of \$3,774,885 was projected to grow by a modest \$75,115 in Fiscal Year 2015/2016. The Budget anticipated that the revenue would stabilize after several years of decline. Multi-year comparisons of cardroom taxes show that fluctuations are partially attributable to the economic rebound, (as sales tax increases, cardroom taxes decrease). In addition the region has experienced an increase in venues creating competition in the surrounding area.

The Town of Colma is uniquely challenged in its efforts to diversify its revenue base with 76 percent of the Town's two square miles developed as cemeteries or zoned for cemetery usage, and the remainder substantially developed.

The Operating Budget for FY 2015-16 provides \$13.63 million in funding to operating departments – an increase of about \$0.68 million from FY 2014-15 Actual of \$12.95 million. The increase is partially due to the following:

- Expected full year funding of positions which may have been vacant in the previous year.
- Strategic adjustments to staffing levels in the City Manager Department.
- Replacement of Town and Police vehicles.
- Medical benefit cost increases.
- Public Employee Retirement System (PERS) increases.

These increases were partially offset by decreases on other accounts throughout the budget. Also beyond the Operating Department Budgets the Town expects as part of the 2015/2016 Budget to continue to contribute resources towards important capital improvement projects.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of Town of Colma's finances. Questions about this report should be directed to Town of Colma, at 1198 El Camino Real, Colma, CA 94014.

Town of Colma
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current assets:

Cash and investments	\$ 26,663,781
Receivables:	
Taxes	1,346,201
Accounts	620,605
Accrued interest	27,093
Total current assets	<u>28,657,680</u>

Noncurrent assets:

Capital assets:

Non-depreciable	8,209,478
Depreciable, net of accumulated depreciation	<u>38,195,035</u>
Total noncurrent assets	<u>46,404,513</u>

Total assets	<u>75,062,193</u>
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DEFERRED OUTFLOWS

Deferred outflows related to pensions	<u>936,957</u>
---------------------------------------	----------------

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	317,101
Deposits	70,874
Compensated absences	127,454
Total current liabilities	<u>515,429</u>

Noncurrent liabilities due in more than one year:

Compensated absences	942,527
Net pension liability	6,884,624
Net other post-employment benefit obligation	<u>5,640,506</u>
Total noncurrent liabilities	<u>13,467,657</u>

Total liabilities	<u>13,983,086</u>
-------------------	-------------------

DEFERRED INFLOWS

Deferred Inflows related to pensions	<u>(388,357)</u>
--------------------------------------	------------------

NET POSITION

Invested in capital assets, net of related debt	46,404,513
Unrestricted	<u>15,999,908</u>
Total net position	<u>\$ 62,404,421</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Total Town
					Governmental
					Activities
<u>Town Government</u>					
Governmental Activities:					
General government	\$ 3,903,936	\$ -	\$ -	\$ -	\$ (3,903,936)
Public safety	2,832,021	106,935	138,809	-	(2,586,277)
Public works	4,285,679	826,619	-	-	(3,459,060)
Recreation	946,869	78,592	-	-	(868,277)
Planning	410,942	109,561	-	-	(301,381)
Interest on long-term debt	-	-	-	-	-
Total Governmental Activities	12,379,447	1,121,707	138,809	-	(11,118,931)
Total Town Government	<u>\$ 12,379,447</u>	<u>\$ 1,121,707</u>	<u>\$ 138,809</u>	<u>\$ -</u>	<u>(11,118,931)</u>
General revenues:					
Taxes:					
Property taxes					554,778
Sales taxes					10,327,853
Cardroom taxes					3,774,885
Other taxes					407,614
Use of money and property					427,801
Other revenues					148,351
Total general revenues and special items					15,641,282
Change in net position					4,522,351
Net position beginning of period					65,359,451
Prior period adjustment					(7,477,381)
Net position beginning of period restated					57,882,070
Net position ending of period					<u>\$ 62,404,421</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 26,622,247	\$ 41,534	\$ 26,663,781
Taxes receivable	1,328,726	17,475	1,346,201
Accounts receivable	620,605	-	620,605
Accrued interest receivable	27,093	-	27,093
Total Assets	<u>\$ 28,598,671</u>	<u>\$ 59,009</u>	<u>\$ 28,657,680</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 262,172	\$ 34,671	\$ 296,843
Accrued expenditures	20,258	-	20,258
Compensated absences	127,454	-	127,454
Deposits	70,874	-	70,874
Total Liabilities	<u>480,758</u>	<u>34,671</u>	<u>515,429</u>
<u>FUND BALANCES</u>			
Committed	13,576,000	-	13,576,000
Unassigned	13,591,913	(47,219)	13,544,694
Assigned	950,000	71,557	1,021,557
Total Fund Balances	<u>28,117,913</u>	<u>24,338</u>	<u>28,142,251</u>
Total Liabilities and Fund Balances	<u>\$ 28,598,671</u>	<u>\$ 59,009</u>	<u>\$ 28,657,680</u>
Total Governmental Fund Balances			\$ 28,142,251

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not reported in the funds.	46,404,513
Some liabilities, including bonds, notes, leases and long-term portion of compensated absences are not due and payable in the current period and are therefore not reported in the funds.	<u>(12,142,343)</u>
Net position of Governmental Activities	<u>\$ 62,404,421</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	<u>Major Fund</u>	<u>Other</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental Funds</u>	<u>Governmental Funds</u>
<u>REVENUES</u>			
Property taxes	\$ 554,778	\$ -	\$ 554,778
Sales taxes	10,327,853	-	10,327,853
Cardroom taxes	3,774,885	-	3,774,885
Other taxes	138,463	-	138,463
Licenses and permits	109,724	-	109,724
Fines and forfeits	65,785	-	65,785
Intergovernmental	34,501	373,459	407,960
Use of money and property	425,685	2,116	427,801
Other revenues	148,351	-	148,351
Charges for services	946,198	-	946,198
Total revenues	<u>16,526,223</u>	<u>375,575</u>	<u>16,901,798</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,903,936	-	3,903,936
Public safety	4,847,050	114,115	4,961,165
Public works	2,839,664	3,244,198	6,083,862
Recreation	946,869	-	946,869
Planning	410,942	-	410,942
Total expenditures	<u>12,948,461</u>	<u>3,358,313</u>	<u>16,306,774</u>
Excess (deficiency) of revenues over expenditures	<u>3,577,762</u>	<u>(2,982,738)</u>	<u>595,024</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	2,927,828	2,927,828
Transfers out	<u>(2,927,828)</u>	<u>-</u>	<u>(2,927,828)</u>
Total other financing sources (uses)	<u>(2,927,828)</u>	<u>2,927,828</u>	<u>-</u>
Net change in fund balances	649,934	(54,910)	595,024
Fund balances, beginning of period	<u>27,467,979</u>	<u>79,248</u>	<u>27,547,227</u>
Fund balances, end of period	<u>\$ 28,117,913</u>	<u>\$ 24,338</u>	<u>\$ 28,142,251</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 595,024
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$1,261,028) exceeds capital outlays \$3,066,156 in the current period.	1,805,128
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Accrual of Non-Current Items

The amounts below included in the statement of activities do not require the use of or provide current financial resources and are therefore not reported as expenditures or revenues in the governmental funds.

Compensated Absences	(6,945)
Pension expense	1,918,071
Net other post-employment benefit obligation	<u>211,073</u>
Net difference	<u>3,927,327</u>
Change in Net Position of Governmental Activities	<u>\$ 4,522,351</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Colma (the Town) is a municipal corporation governed by an elected five-member City Council. The accompanying basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The Town has no component units.

The Town provides customary municipal services including general governmental activities, police protection, streets, maintenance, parks and recreation activities, planning and zoning, and building and public works. The Town contracts for sanitary sewer services with local providers in Daly City and South San Francisco, for street lighting services with San Mateo County, and for water service from CalWater.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the Town with the effect of interfund activity removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Town does not operate any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the Town's governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, & Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are *incurred*, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when "measurable" and "available". Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, & Financial Statement Presentation (concluded)

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, card room taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes elimination of interfund payables and receivables and of interfund transfers.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The Town may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the State Treasurer's Investment Pool, and other permitted investments.

Investments for the Town are reported at fair value. Investments in guaranteed investment contracts are reported at cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

The Town has determined that an allowance for uncollectibles is not necessary as all receivables have been deemed collectible.

Property taxes are levied as of March 1 on property values assessed as of the same date. State statutes provide that the property tax rate be limited generally to one percent of market value, be levied by only the county, and be shared by applicable jurisdictions. The County of San Mateo (the County) collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter-approved debt. Property taxes are due on November 1 and March 1, and each installment becomes delinquent after December 10 and April 10, respectively. The Town receives property taxes pursuant to an arrangement with the County known as the “Teeter Plan”. Under the plan, the County assumes responsibility for the collection of the delinquent taxes and pays the full allocation to the Town. The Town recognizes property tax revenues in the fiscal year in which they are levied for the Town.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure-type assets such as roads, bridges, sidewalks, and street lights, are reported in the accompanying basic financial statements. They are reported in the applicable governmental-type activities columns in the government-wide financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost when available, or at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Infrastructure – street system	40-50
Vehicles	8
Equipment	5-25
Improvements	20

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (continued)

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. There is a liability for a portion of unpaid accumulated sick leave since the Town does have a policy to pay certain amounts when certain employees separate from service with the Town. All vacation and sick leave is accrued when incurred in the government-wide financial statements. The liability for vacation and sick leave is recorded in the fund financial statements only when immediately due and payable, such as amounts that arise from employee retirements.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Town that is applicable to a future reporting period.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Colma's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government-type activities statement of net position.

Net Position

Government-wide net position consists of the following:

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount includes all net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position".

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities and Net Position or Equity (concluded)

Governmental fund balance consists of the following:

Fund Equity

The accompanying basic financial statements reflect certain changes that have been made with respect to the reporting components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental *funds* now reflect the component classifications described below.

In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by a formal action of the highest level decision-making authority. The Town Council serves as the Town's highest level decision-making authority and has the authority to establish, modify or rescind a fund balance commitment via minutes' action.

Assigned fund balance includes amounts intended to be used by the Town for specific purposes, subject to change, as established either directly by the Town Council or by management officials to whom the assignment authority has been delegated by the Town Council.

Unassigned fund balance is the residual classification that includes the spendable amounts in the General Fund that are available for any purpose.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the Town's policy specifies that restricted revenues will be applied first. When expenditures are incurred for the purposes for which committed, assigned, or unassigned fund balances are available, the Town's policy is to apply committed fund balances first, then apply assigned fund balances, and finally unassigned fund balances.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "capital assets are not financial resources and are not reported in the funds."

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS
(concluded)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (concluded)

The details of this difference are as follows:

Capital assets	\$ 60,343,308
Less: accumulated depreciation	<u>(13,938,795)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 46,404,513</u>

Another element of the reconciliation explains that “long-term liabilities” are not due and payable in the current period and are therefore not reported in the funds. The details of this difference are as follows:

Long-Term Debt Obligations:	
Deferred outflows	\$ (936,957)
Deferred inflows	(388,357)
Compensated absences	942,526
Net other post-employment benefit obligation	5,640,507
Net pension liability	<u>6,884,624</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 12,142,343</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances with the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference and other significant components of the difference are as follows:

Capital outlay	\$ 3,066,156
Depreciation expense	(1,261,028)
Compensated absences	(6,945)
Pension expense	1,918,071
Net other post-employment benefit obligation (OPEB)	<u>211,073</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 3,927,327</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. Before the end of each fiscal year, all departments of the Town submit requests to the City Manager so that a budget may be prepared. Before June 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget must be prepared and adopted no later than June 30.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Expenditures for capital projects or the creation of additional positions requires the specific authorization of the Town Council. Encumbrance accounting is not employed.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments consisted of the following at June 30:

Demand deposits	\$ 7,506,532
Local Agency Investment Fund (LAIF)	5,737,623
San Mateo County Treasurer's Investment Pool	<u>13,419,626</u>
Total	<u>\$ 26,663,781</u>

The Town's total cash and investments consisted of:

Unrestricted	<u>\$ 26,663,781</u>
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Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for deposits and investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

California Law requires banks and savings and loan associations to pledge government securities with a market value of 110% of the Town's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law, this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The carrying amount of the Town's cash deposits was \$7,083,124 at June 30, 2015.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments in LAIF, the County pool, money market funds, and the investment agreement are not evidenced by specific securities and therefore, are not subject to custodial credit risk.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (concluded)

Credit Risk

State Law limits investments in various securities to certain levels of risk ratings issued by nationally recognized statistical rating organizations. It is the Town's policy to comply with those requirements. The LAIF and County pool are unrated.

The Town does not enter into reverse repurchase agreements. Trustees under bond indentures may also invest in guaranteed investment contracts.

The Town's investments are carried at fair value instead of cost, as required by U.S. generally accepted accounting principles. The Town adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. At June 30, 2015 the fair value was \$2,157 greater than the Town's cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations.

The management of the State of California Pooled Money Investment Account has indicated to the Town that as of June 30, 2015 the carrying amount of the pool was \$69,606,487,716 and the estimated market value of the pool (including accrued interest) was \$69,672,945,247. The Town's proportionate share of that value is \$5,737,623. Included in LAIF's investment portfolios are certain derivative securities or similar products in the form of structured notes, totaling \$0 and asset-backed securities totaling \$1,447,948,000. LAIF's (and the Town's) exposure to risk (credit, market or legal) is not currently available. Financial statements for LAIF can be obtained from the California State Treasurer's Office: State Treasurer's Office, 915 Capital Mall, Suite 110, Sacramento, CA 95814.

The Town maintains specific cash deposits with the County and voluntarily participates in the external investment pool of the County. The County is restricted by state code in the types of investments it can make. Furthermore, the County Treasurer has a written investment policy, approved by the Board of Supervisors that is more restrictive than state code as to terms of maturity and type of investment. Also, the County has an investment committee that performs regulatory oversight for its pool as required by California Government Code Section 27134. The County's investment policy authorizes the County to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the State Treasurer's investment pool.

At June 30, 2015, the Town's cash with the County Treasurer is stated at fair value. However, the value of the pool shares in the County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the Town's position in the pool. At June 30, 2015, the fair value was \$1,324 lower than the Town's cost.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

B. Receivables

Receivables as of year-end for the government's individual major and nonmajor funds in the aggregate were as follows:

	General	Nonmajor Funds	Total
Receivables:			
Interest	\$ 27,093	\$ -	\$ 27,093
Taxes	1,328,726	17,475	1,346,201
Accounts	<u>620,605</u>	<u>-</u>	<u>620,605</u>
Net total receivables	<u>\$ 1,976,424</u>	<u>\$ 17,475</u>	<u>\$ 1,993,899</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 7,595,471	\$ -	\$ -	\$ 7,595,471
Construction in progress	<u>1,885,820</u>	<u>2,518,217</u>	<u>(3,790,032)</u>	<u>614,005</u>
Total capital assets, not being depreciated	<u>9,481,291</u>	<u>2,518,217</u>	<u>(3,790,032)</u>	<u>8,209,476</u>
Capital assets, being depreciated				
Buildings	19,439,225	-	-	19,439,225
Improvements other than buildings	3,478,524	-	-	3,478,524
Machinery and equipment	1,635,942	554,431	-	2,190,373
Infrastructure - street systems	<u>23,242,170</u>	<u>3,783,540</u>	<u>-</u>	<u>27,025,710</u>
Total capital assets, being depreciated	<u>47,795,861</u>	<u>4,337,971</u>	<u>-</u>	<u>52,133,832</u>
Less accumulated depreciation for:				
Buildings	(3,737,316)	(391,300)	-	(4,128,616)
Improvements other than buildings	(1,553,539)	(164,175)	-	(1,717,714)
Machinery and equipment	(1,110,204)	(187,365)	-	(1,297,569)
Infrastructure - street systems	<u>(6,276,708)</u>	<u>(518,188)</u>	<u>-</u>	<u>(6,794,896)</u>
Total accumulated depreciation	<u>(12,677,767)</u>	<u>\$(1,261,028)</u>	<u>\$ -</u>	<u>(13,938,795)</u>
Total capital assets, being depreciated, net	<u>35,118,094</u>			<u>38,195,037</u>
Governmental activities capital assets net	<u>\$44,599,385</u>			<u>\$46,404,513</u>

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
Public works	\$ 1,261,028
Total depreciation expense - governmental activities	<u>\$ 1,261,028</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 4 - DETAILED NOTES ON ALL FUNDS (concluded)

D. Interfund Receivables, Payables and Transfers

Interfund transfers at June 30, 2015 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 2,927,828
Town Capital Project Fund	2,927,828	-
Totals	<u>\$ 2,927,828</u>	<u>\$ 2,927,828</u>

The transfers out of the General Fund were made for the purpose of financing capital projects undertaken during the fiscal year.

E. Long-Term Debt

Changes in long-term liabilities

Long-term debt activity for the 2015 fiscal year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Net OPEB	\$ 5,851,579	\$ -	\$ 211,073	\$ 5,640,506	\$ -
Net Pension Liability	-	6,884,624	-	6,884,624	-
Compensated absences	935,581	6,945	-	942,526	-
Totals	<u>\$ 6,787,160</u>	<u>\$ 6,891,569</u>	<u>\$ 211,073</u>	<u>\$ 13,467,656</u>	<u>\$ -</u>

NOTE 5 - OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town obtains insurance coverage. The Town is a member of the ABAG PLAN Corporation (PLAN), which provides a pooled risk sharing insurance program. The PLAN provides the Town with insurance coverage of \$15 million per loss for liability claims. The Town has a \$50,000 self-insurance retention limit similar to a deductible. The PLAN insurance has two different layers of coverage. Layer 1 is a \$5 million self-insured layer shared by participants; Layer 2 is commercial excess insurance coverage for \$10 million beyond the \$5 million PLAN coverage. The PLAN also provides the Town with \$1 million pooled employee dishonesty coverage. Property coverage is also provided by the PLAN with the Town having a \$10,000 deductible. The PLAN provides the coverage using a self-insured pool to cover losses up to \$100,000. The PLAN purchases an insurance policy to cover losses above its \$100,000 self-insured retention with a per occurrence coverage for all members combined up to \$1 billion. Workers' compensation insurance is provided to the Town by EIA (Entity Insurance Authority) at statutory coverage limits, without a deductible. The Town had no significant changes in insurance coverage during the year. For the Fiscal Year ending June 30, 2015, the Town incurred liability claims expenses totaling \$9,957. There were no open claims as of June 30, 2015.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

B. Contingencies and Commitments

Litigation

The Town is involved in litigation incurred in the normal course of conducting Town business. Town management believes, based upon consultation with its counsel, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Town.

C. Public Employees Retirement System

Plan Description: Based on PERS eligibility criteria all qualified permanent and probationary employees are eligible to participate in the Town's following cost-sharing multiple employer defined benefit pension plans (Plans):

- Town Miscellaneous (Tier 1)
- Town Miscellaneous (Tier 2)
- Town Miscellaneous (Tier 3 - PEPRA)
- Town Safety (Tier 1)
- Town Safety (Tier 2)
- Town Safety (Tier 3 - PEPRA)

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The applicable PERS plan depends on the employee classification and hire date. In some situations hiring of an employee who was previously an active member in PERS results in the "Classic" Plan benefit regardless of the date of hiring.

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Town Miscellaneous		
	Prior to	8/1/2012 –	On or after
Hire date	August 1, 2012	12/31/2012	January 1, 2013
	(or "Classic")		
Benefit formula	2.5% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible		1.091% to	
compensations	2.0% to 2.5%	2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	19.176%	8.005%	6.25%

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

	Town Safety		
	Prior to January 1, 2012	On or after January 1, 2012 (or "Classic")	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensations	3%	2.4 to 3%	2.0% to 2.7%
Required employee contribution rates	9%	9%	11.5%
Required employer contribution rates	34.595%	20.774%	11.5%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Misc Tier 1	Misc Tier 2	Misc Tier 3	Total Misc
Employer Contributions	\$218,775	\$26,349	\$3,889	\$249,024

	Safety Tier 1	Safety Tier 2	Safety Tier 3	Total Safety
Employer Contributions	\$563,278	\$108,136	\$16,519	\$687,933

As of June 30, 2015, the Town reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 1,865,120
Safety	5,019,504
Total Net Pension Liability	<u>\$ 6,884,624</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

The Town's net pension liability for the Plans is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

<u>Town Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2013	.071%
Proportion - June 30, 2014	.075%
Change – Increase (Decrease)	.004%
<u>Town Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2013	.127%
Proportion - June 30, 2014	.133%
Change – Increase (Decrease)	.006%

For the year ended June 30, 2015, the District recognized pension expense of (\$981,114). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 929,676	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	7,281	(41,207)
Net differences between projected and actual earnings on plan investments	-	(1,504,964)
Total	<u>\$ 936,957</u>	<u>\$ (1,546,171)</u>

\$981,812 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

<u>Year Ended June 30</u>	
2015	\$ (388,357)
2016	(388,357)
2017	(385,935)
2018	(376,241)
2019	-
Thereafter	-

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>All Plans(3)</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.
- (4) All of the Town's plans for miscellaneous employed the same assumptions.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal years. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns on all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10⁽¹⁾</u>	<u>Real Return Years 11+⁽²⁾</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Town's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.5%	6.5%
Net Pension Liability	\$2,974,144	\$7,750,153
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$1,865,120	\$5,019,504
1% Increase	8.50%	8.50%
Net Pension Liability	\$944,735	\$2,769,567

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

As of June 30, 2015
Last 10 Years*

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY
2014

<u>Town Safety Plan</u>	<u>Town Safety Plan</u>	<u>Miscellaneous Plan</u>
Proportion of the net pension liability	0.08067%	0.02997%
Proportionate share of the net pension liability	\$5,019,504	\$1,865,120
Covered - employee payroll	\$1,770,069	\$1,439,421
Proportionate Share of the net pension liability as percentage of covered-employee payroll	283.58%	129.57%
Plan fiduciary net position as a percentage of the total pension liability	75.38%	77.69%

Notes to Schedule:

Benefit changes. In 2014, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2014, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (concluded)

As of June 30, 2015
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS
2014

	Safety Plan	Miscellaneous Plan
Contractually required contribution (actuarially determined)	\$ 633,565	\$ 226,748
Contributions in relation to the actuarially determined contributions	<u>(633,565)</u>	<u>(226,748)</u>
	<u>\$ -</u>	<u>\$ -</u>
Contribution deficiency (excess)	-	-
Covered-employee payroll	\$1,770,069	\$1,439,421
Contributions as a percentage of covered-employee payroll	35.79%	15.75%

Notes to Schedule:

Valuation date: 6/30/2013

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	3.50%
Salary increases	4.5%, average, including inflation of 3.0%
Investment rate of return	7.75%, net of pension plan investment expense, incl. inflation
Retirement age	57 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

D. Restricted Net Position and Fund Balances

Portions of the unassigned fund balance in the fund financial statements may be assigned to indicate tentative plans for financial resources being utilized in a future period, such as for general contingencies or capital projects. Such plans are subject to change, have not been legally authorized, and may not result in expenditures.

Committed fund balances were:

Purpose	General Fund
Retiree Health costs	\$ 42,000
Budget Stabilization	<u>13,534,000</u>
Total	<u>\$ 13,576,000</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 - OTHER INFORMATION (concluded)

D. Restricted Net Position and Fund Balances (concluded)

Assigned fund balances were:

Purpose	General Fund
Litigation	\$ 100,000
Insurance	100,000
Disaster response	750,000
Total	<u>\$ 950,000</u>

NOTE 6 - DEFERRED COMPENSATION PLAN

The Town employees may defer a portion of their compensation under a Town sponsored Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of the compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan. Separate from any amounts that employees voluntarily defer, regular employees are eligible to receive a \$100 monthly matching contribution made to the Plan as a benefit by the Town. A total of 34 employees received this benefit during the Fiscal year ending June 30, 2015. The Town's contributions towards this benefit for the fiscal year ended June 30, 2015 were \$38,550.

The laws governing the Plan assets require Plan assets to be held by a Trust for the exclusive benefits of Plan participants and their beneficiaries. Since the assets held under this Plan are not the Town's property, are not managed by the Town and are not subject to claims by general creditors of the Town, they have been excluded from these financial statements.

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

Plan Description. The Town defined benefit post-employment healthcare plan provides medical benefits to eligible Town employees and elected officials who retire from the Town at age 50 or older and are eligible for a PERS pension.

The Town provides retiree healthcare benefits to employees retiring directly from the Town under PERS. Medical coverage is provided through PEMHCA. Medical and dental benefits are continued to a surviving spouse and eligible dependents, if any, upon the retiree's death.

Funding Policy. There is no statutory requirement for the Town to prefund its OPEB obligation. The Town currently pays for retiree healthcare benefits on a pay as you go basis.

There are no employee contributions. For the fiscal year ending June 30, 2015, the Town paid approximately \$451,131 for retiree healthcare and dental plan benefits. In addition the Town made a \$1 million contribution to an irrevocable OPEB Trust during the Fiscal year. As of July 1, 2014, the plan membership consisted of 38 active participants and 27 retirees and beneficiaries currently receiving benefits.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (continued)

The Town is required to contribute or accrue the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation.

The following table shows the components of the Town's Annual OPEB Cost for the fiscal years ended June 30, 2015 and June 30, 2014, the amount actually contributed to the plan (including implicit subsidy, if any), and changes in the Town's NET OPEB Obligation/(Asset):

Item	6/30/15	6/30/14
Annual Required Contributions	\$ 1,281,226	\$ 1,480,377
Interest on Net OPEB Obligation/(Asset)	234,063	190,371
Adjustment to Annual Required Contributions	(275,231)	(215,655)
Annual OPEB cost (expense)	1,240,058	1,455,093
Contributions to OPEB Trust	(1,000,000)	-
Retiree Premium cost	(451,131)	(362,795)
Increase/(decrease) in net OPEB Obligation	(211,073)	1,092,298
Net OPEB Obligation – beginning of year	5,851,579	4,759,281
Net OPEB Obligation – end of year	<u>\$ 5,640,506</u>	<u>\$ 5,851,579</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation was as follows, based on the Town's actuarial valuation as of July 1, 2008, 2011 and 2014:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 1,210,202	\$ 235,945	19.5%	\$ 2,753,205
6/30/12	\$ 1,274,489	\$ 298,384	23.3%	\$ 3,729,310
6/30/13	\$ 1,362,657	\$ 332,686	24.4%	\$ 4,759,282
6/30/14	\$ 1,455,093	\$ 362,795	24.9%	\$ 5,851,579
6/30/15	\$ 1,240,058	\$ 1,451,131	1.17%	\$ 5,640,506

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and the assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT (concluded)

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns from assets used to pay benefits; and a 3.25% annual increase in projected payroll. Assumptions include a healthcare cost trend rate of 7.3% in 2012, reduced by 0.3% per year to an ultimate rate of 5.5% in 2018. The UAAL is being amortized over a fixed 30 year period as a level percentage of projected payroll beginning with the year ended June 30, 2009.

	(A)	(B)	(C)	(D)	(E)	(F)
		Actuarial	Unfunded	Funded	Annual	UAAL as a %
Valuation	Actuarial Value	Accrued	Liability	Status	Covered	of Payroll
Date	of Assets	Liability	(Excess Assets)	[(A)/(B)]	Payroll	{[(B)-(A)]/(E)}
7/01/08	\$ -0-	\$ 9,680,563	\$ 9,680,563	0%	\$4,198,207	231%
7/01/11	\$ -0-	\$14,716,283	\$14,716,283	0%	\$4,365,743	337%
7/01/14	\$ -0-	\$13,408,236	\$13,408,236	0%	\$3,610,247	371%

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment of \$(7,477,381) represents the change to the July 1, 2014 net position resulting from the GASB 68 implementation and the recording of the net pension liability.

NOTE 9 - SUBSEQUENT EVENTS

On September 24, 2015, the Town issued 5.3 million in Certificates of Participation through Stifel, Nicolaus & Company, Incorporated. The funds and debt service payments are administered under a Trustee Agreement with Bank of New York Mellon. This financing will be used to fund a portion of the Town Hall renovation project.

Town of Colma
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2015
(UNAUDITED)

	Budgeted Amounts		
	Original and Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>			
Property taxes and other taxes	\$ 13,338,600	\$ 14,795,979	\$ 1,457,379
Licenses and permits	56,000	109,724	53,724
Fines and forfeits	60,250	65,785	5,535
Intergovernmental	196,270	34,501	(161,769)
Use of money and property	392,700	425,685	32,985
Other revenues	45,300	148,351	103,051
Charges for services	717,160	946,198	229,038
Total revenues	<u>14,806,280</u>	<u>16,526,223</u>	<u>1,719,943</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,435,350	3,903,936	(468,586)
Public safety	5,395,540	4,847,050	548,490
Public works	3,423,020	2,839,664	583,356
Planning	422,000	410,942	11,058
Recreation	848,240	946,869	(98,629)
Total expenditures	<u>13,524,150</u>	<u>12,948,461</u>	<u>575,689</u>
Excess (deficiency) of revenues over expenditures	<u>1,282,130</u>	<u>3,577,762</u>	<u>2,295,632</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	100,750	-	(100,750)
Transfers out	<u>(5,433,000)</u>	<u>(2,927,828)</u>	<u>2,505,172</u>
Total other financing sources (uses)	<u>(5,332,250)</u>	<u>(2,927,828)</u>	<u>2,404,422</u>
Net change in fund balance	<u>\$ (4,050,120)</u>	649,934	<u>\$ 4,700,054</u>
Fund balance, beginning of period		<u>27,467,979</u>	
Fund balance, end of period		<u>\$ 28,117,913</u>	

Town of Colma
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Governmental Funds</u>	
	<u>Measure A</u>	<u>Gas Tax</u>	<u>Local law Enforcement Grants</u>	<u>Town Capital Projects Fund</u>	
<u>ASSETS</u>					
Cash and investments	\$ (166)	\$ 669	\$ 54,782	\$ (13,751)	\$ 41,534
Receivables from other governments	<u>8,313</u>	<u>-</u>	<u>9,162</u>	<u>-</u>	<u>17,475</u>
Total Assets	<u>\$ 8,147</u>	<u>\$ 669</u>	<u>\$ 63,944</u>	<u>\$ (13,751)</u>	<u>\$ 59,009</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,203</u>	<u>\$ 33,468</u>	<u>\$ 34,671</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,203</u>	<u>33,468</u>	<u>34,671</u>
Fund balances:					
Assigned	8,147	669	62,741		71,557
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,219)</u>	<u>(47,219)</u>
Total Fund Balances	<u>8,147</u>	<u>669</u>	<u>62,741</u>	<u>(47,219)</u>	<u>24,338</u>
Total Liabilities and Fund Balances	<u>\$ 8,147</u>	<u>\$ 669</u>	<u>\$ 63,944</u>	<u>\$ (13,751)</u>	<u>\$ 59,009</u>

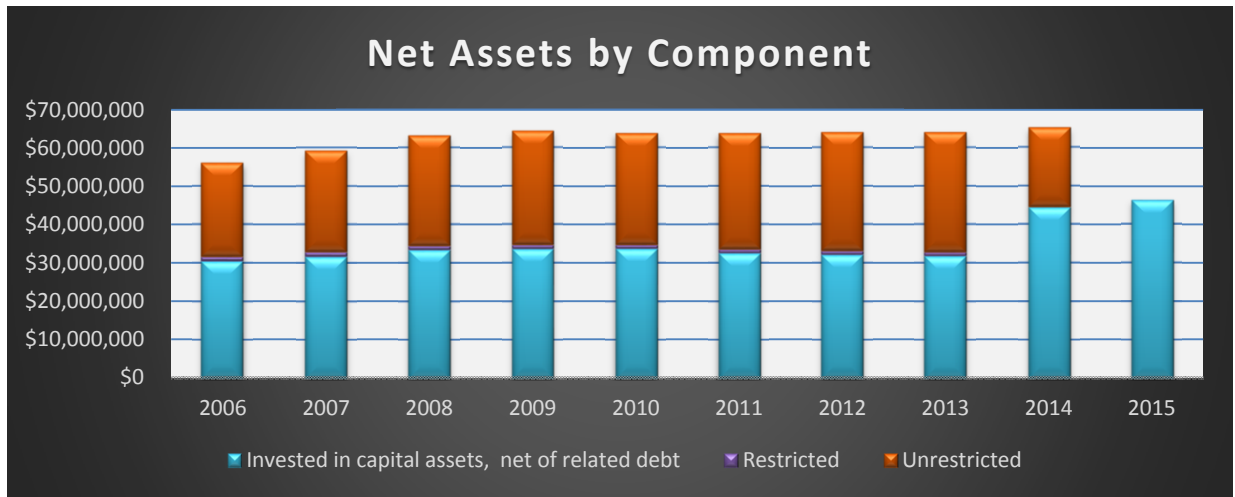
Town of Colma
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue Funds			Capital Projects	Total Nonmajor
	Gas tax	Measure A	Local Law Enforcement	Town Capital	Governmental
	(Fund 21)	(Fund 22)	Grant Fund	Projects Fund	Funds
Revenues:					
Intergovernmental	\$ 58,016	\$ 211,135	\$ 104,308	\$ -	\$ 373,459
Use of money and property	669	452	995	-	2,116
Total revenues	58,685	211,587	105,303	-	375,575
Expenditures:					
Current:					
Public safety	-	-	114,115	-	114,115
Public works	58,016	211,135	-	2,975,047	3,244,198
Debt interest:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	58,016	211,135	114,115	2,975,047	3,358,313
Excess (deficiency) of revenues over expenditures	669	452	(8,812)	(2,975,047)	(2,982,738)
Other financing sources (uses):					
Transfers in	-	-	-	2,927,828	2,927,828
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	2,927,828	2,927,828
Net change in fund balances	669	452	(8,812)	(47,219)	(54,910)
Fund balances, July 1	-	7,695	71,553	-	79,248
Fund balances, June 30	\$ 669	\$ 8,147	\$ 62,741	\$ (47,219)	\$ 24,338

STATISTICAL SECTION

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TOWN OF COLMA
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)



	2006	2007	2008	2009	2010
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	\$30,655,469	\$31,843,145	\$33,566,689	\$33,839,601	\$33,872,406
Restricted	1,087,316	1,123,395	984,613	959,750	959,750
Unrestricted	24,501,161	26,428,834	28,818,698	29,731,736	29,091,738
Total governmental activities net position	\$56,243,946	\$59,395,374	\$63,370,000	\$64,531,087	\$63,923,894

2011	2012	2013	2014	2015
\$32,716,909	\$32,290,889	\$31,939,040	\$44,599,385	\$46,404,513
959,750	959,750	958,050	0	0
30,259,243	30,931,462	31,280,801	20,760,067	15,999,908
\$63,935,902	\$64,182,101	\$64,177,891	\$65,359,452	\$62,404,421

TOWN OF COLMA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General Government	\$3,487,842	\$2,564,505	\$2,674,755	\$2,874,961	\$2,735,280
Public Safety:	1,976,181	4,412,765	5,130,869	5,962,790	5,887,593
Public Works	6,640,312	3,627,096	3,132,289	2,978,182	3,468,651
Recreation & Parks	904,452	957,452	1,051,869	1,096,387	1,040,969
Planning	296,787	436,141	575,085	549,198	533,042
Interest on long-term debt	629,788	635,882	627,581	667,582	608,114
Total Governmental Activities Expenses	13,935,362	12,633,841	13,192,448	14,129,100	14,273,649
 Total Primary Government Expenses	 \$13,935,362	 \$12,633,841	 \$13,192,448	 \$14,129,100	 \$14,273,649
 Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$45,490	\$0	\$0	\$0	\$0
Public Safety:	126,643	115,869	80,240	84,039	70,604
Public Works	235,599	212,433	267,508	383,707	348,140
Recreation & Parks	90,981	167,265	167,053	43,763	50,014
Planning	220,432	212,433	267,507	383,707	348,139
Operating Grants and Contributions	0	0	0	0	0
Capital Grants and Contributions	\$2,236,085	\$2,588,504	\$2,729,032	\$2,155,277	\$1,793,072
Total Government Activities Program Revenues	\$2,955,230	\$3,296,504	\$3,511,340	\$3,050,493	\$2,609,969

2011	2012	2013	2014	2015
\$2,825,518	\$3,132,552	\$3,346,125	\$2,967,299	\$ 3,903,936
5,988,451	5,944,039	6,913,654	6,257,453	2,832,021
3,118,437	2,990,162	3,047,313	3,915,614	4,285,679
1,066,492	1,061,289	1,058,521	908,687	946,869
584,957	464,616	573,399	417,626	410,942
598,294	587,357	575,585	483,814	0
14,182,149	14,180,015	15,514,597	14,950,493	12,379,447
\$14,182,149	\$14,180,015	\$15,514,597	\$14,950,493	\$12,379,447

\$0	\$0	\$0	\$20,175	\$0
98,673	83,732	67,536	102,641	106,935
362,472	385,942	421,062	709,810	826,619
51,440	61,940	82,825	71,176	78,592
362,471	385,942	421,063	100,113	109,561
0	0	0	0	138,809
\$2,252,336	\$2,037,958	\$2,314,303	\$479,793	\$0
\$3,127,392	\$2,955,514	\$3,306,789	\$1,483,708	\$1,260,516

TOWN OF COLMA
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Total Primary Government Program Revenues	\$2,955,230	\$3,296,504	\$3,511,340	\$3,050,493	\$2,609,969
---	-------------	-------------	-------------	-------------	-------------

Net (Expense)/Revenue

Governmental Activities	(\$10,980,132)	(\$9,337,337)	(\$9,681,108)	(\$11,078,607)	(\$11,663,680)
Total Primary Government Net Expense	(\$10,980,132)	(\$9,337,337)	(\$9,681,108)	(\$11,078,607)	(\$11,663,680)

General Revenues and Other Changes in Net Assets

Governmental Activities:

Taxes

Property taxes	\$834,364	\$1,323,855	388,565	\$385,709	\$366,266
Sales taxes	\$6,312,598	\$6,026,969	5,669,898	5,337,807	4,901,120
Cardroom taxes	\$3,302,664	\$3,448,351	3,923,552	5,484,544	4,938,532
Motor vehicle in-lieu, unrestricted	\$50,626	\$53,656	53,775	52,262	50,024
Other taxes	\$1,153,579	\$1,500,419	1,414,317	278,912	513,254
Use of Money/Property and interest earnings	328,596	135,515	2,205,627	700,460	287,291
Other revenues	0	0	0	0	0

Extraordinary items:

Special item - forgiveness of assessments	0	0	0	0	0
---	---	---	---	---	---

Total Government Activities	11,982,427	12,488,765	13,655,734	12,239,694	11,056,487
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Total Primary Government	\$11,982,427	\$12,488,765	\$13,655,734	\$12,239,694	\$11,056,487
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Change in Net Assets

Governmental Activities	\$1,002,295	\$3,151,428	\$3,974,626	\$1,161,087	(\$607,193)
Total Primary Government	\$1,002,295	\$3,151,428	\$3,974,626	\$1,161,087	(\$607,193)

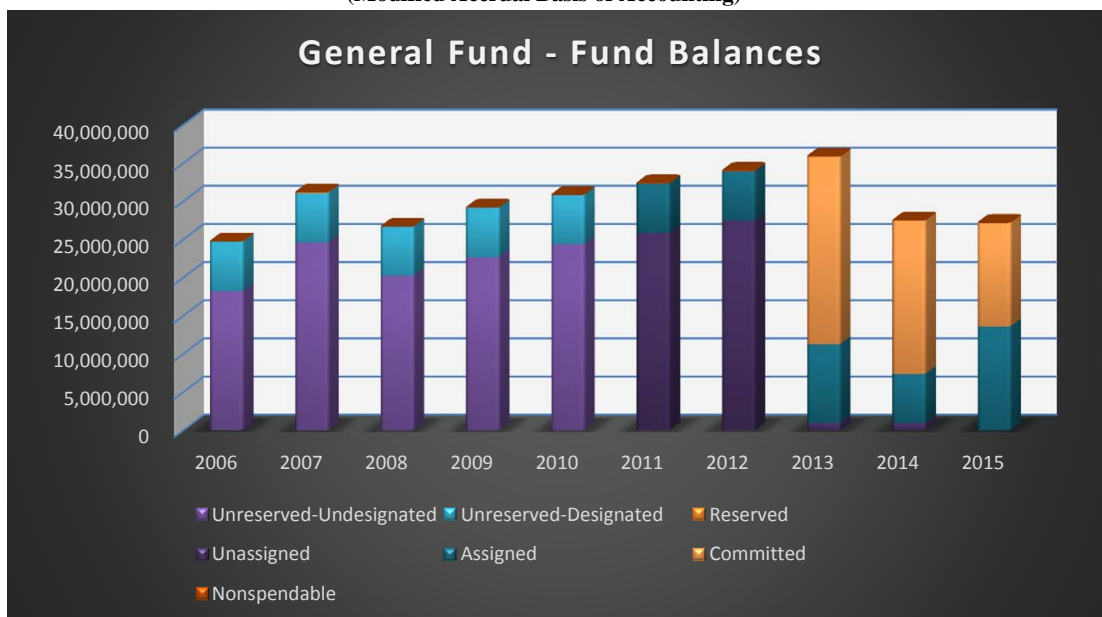
\$3,127,392	\$2,955,514	\$3,306,789	\$1,483,708	\$1,260,516
-------------	-------------	-------------	-------------	-------------

(\$11,054,757)	(\$11,224,501)	(\$12,207,808)	(\$13,466,785)	(\$11,118,931)
(\$11,054,757)	(\$11,224,501)	(\$12,207,808)	(\$13,466,785)	(\$11,118,931)

\$334,320	\$354,574	\$617,618	\$472,157	\$554,778
5,045,150	5,517,652	6,232,713	6,843,923	10,327,853
5,091,032	4,957,234	4,703,462	4,140,070	3,774,885
0	0	0	0	0
56,455	74,736	105,257	2,454,113	407,614
476,595	496,197	503,140	615,754	427,801
63,213	70,307	41,408	122,329	148,351
0	0	0	0	0
11,066,765	11,470,700	12,203,598	14,648,346	15,641,282
\$11,066,765	\$11,470,700	\$12,203,598	\$14,648,346	\$15,641,282

\$12,008	\$246,199	(\$4,210)	\$1,181,561	\$4,522,351
\$12,008	\$246,199	(\$4,210)	\$1,181,561	\$4,522,351

TOWN OF COLMA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	2006	2007	2008	2009	2010
General Fund					
Reserved	\$55,087	\$89,148	\$6,975	\$5,804	\$9,102
Unreserved-Designated	6,464,640	6,464,640	6,464,640	6,464,640	6,464,640
Unreserved-Undesignated	18,215,494	24,605,176	20,190,578	22,683,168	24,362,588
Nonspendable	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total General Fund	\$24,735,221	\$31,158,964	\$26,662,193	\$29,153,612	\$30,836,330
All Other Governmental Funds					
Reserved	1,087,316	\$959,750	\$1,123,395	\$984,613	\$959,750
Unreserved-Designated	0	0	0	0	0
Unreserved-Undesignated	\$315	0	0	(\$180,260)	0
Unreserved, reported in:					
Special revenue funds	110,072	109,887	124,776	118,490	105,593
Restricted	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Total all other governmental funds	\$1,197,703	\$1,069,637	\$1,248,171	\$922,843	\$1,065,343

- (a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.
- (b) In Fiscal 2011, the Town implemented Governmental Accounting Standard Board number 54.

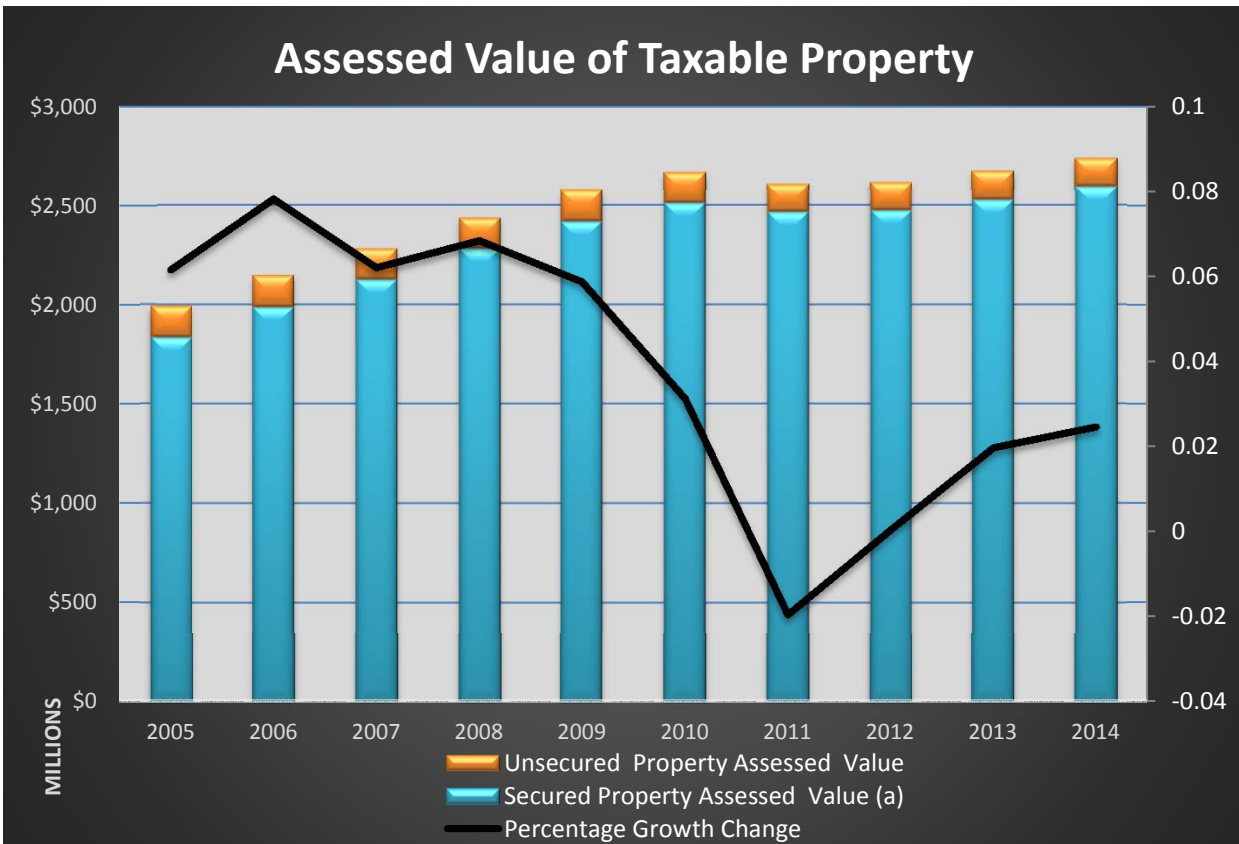
2011	2012	2013	2014	2015
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
\$88,822	\$103,788	\$98,956	0	0
0	0	24,552,790	20,100,000	13,576,000
6,464,640	6,464,640	10,319,919	6,417,979	950,000
25,848,027	27,462,519	950,000	950,000	13,591,913
<u>\$32,401,489</u>	<u>\$34,030,947</u>	<u>\$35,921,665</u>	<u>\$27,467,979</u>	<u>\$28,117,913</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
\$959,750	\$959,750	\$958,050	0	0
79,716	120,291	203,792	79,249	71,557
0	0	0	0	(47,219)
<u>\$1,039,466</u>	<u>\$1,080,041</u>	<u>\$1,161,842</u>	<u>\$79,249</u>	<u>\$24,338</u>

TOWN OF COLMA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010
Revenues					
Property taxes	\$834,364	\$1,323,855	\$388,565	\$385,709	\$366,266
Sales taxes	6,312,598	6,026,969	5,669,898	5,337,807	4,901,120
Cardroom taxes	3,302,664	3,448,351	3,923,552	5,484,544	4,938,532
Other taxes	50,626	53,656	53,775	52,262	50,024
Licenses and permits	137,595	90,335	200,908	238,163	189,550
Fines and forfeits	126,643	115,869	80,240	84,039	70,604
Intergovernmental	2,236,085	2,588,504	2,729,032	2,155,277	1,793,072
Use of money and property	1,153,579	1,500,419	1,414,317	278,912	513,254
Other revenues	328,596	135,516	2,205,627	700,460	287,291
Charges for services	454,907	501,796	501,157	573,014	556,743
Total Revenues	14,937,657	15,785,270	17,167,071	15,290,187	13,666,456
Expenditures					
Current:					
General Government	3,418,627	2,917,750	2,908,289	2,680,083	2,509,572
Public Safety	4,706,431	4,774,913	4,951,501	4,906,617	4,807,033
Public Works	9,956,856	3,989,244	4,915,179	3,667,122	3,857,314
Recreation	296,787	321,757	872,501	899,458	859,300
Planning	790,767	843,068	395,717	352,269	351,375
Capital Outlay	0	0	0	0	0
Debt service:					
Principal repayment	1,460,000	330,000	335,000	345,000	350,000
Interest and fiscal charges	666,576	631,097	622,796	614,421	604,934
Costs of Issuance	0	0	0	0	0
Total Expenditures	21,296,044	13,807,829	15,000,983	13,464,970	13,339,528
Excess (deficiency) of revenues over (under) expenditures	(6,358,387)	1,977,441	2,166,088	1,825,217	326,928
Other Financing Sources (Uses)					
Issuance of long-term debt					
Transfers in	3,116,951	2,467,892	2,767,920	2,076,222	1,515,520
Transfers (out)	(3,116,951)	(2,467,892)	(2,767,920)	(2,076,222)	(1,515,520)
Total other financing sources (uses)	0	0	0	0	0
Net Change in fund balances	(\$6,358,387)	\$1,977,441	\$2,166,088	\$1,825,217	\$326,928
Debt service as a percentage of noncapital expenditures	10.5%	2.6%	2.5%	2.4%	2.5%

2011	2012	2013	2014	2015
\$334,320	\$354,574	\$617,618	\$472,157	\$554,778
5,045,150	5,517,652	6,232,713	6,843,923	10,327,853
5,091,032	4,957,234	4,703,462	4,140,070	3,774,885
56,455	74,736	105,257	2,454,113	138,463
108,763	83,862	114,546	100,113	109,724
98,673	83,732	67,536	66,611	65,785
2,252,336	2,037,958	2,314,303	479,793	407,960
476,595	496,197	503,140	615,754	427,801
63,213	70,307	41,408	122,329	148,351
667,620	749,962	810,404	837,191	946,198
14,194,157	14,426,214	15,510,387	16,132,054	16,901,798
2,620,539	2,936,363	2,921,076	2,967,299	3,903,936
4,929,990	4,822,180	5,445,546	5,397,761	4,961,165
3,179,758	2,866,880	2,936,622	3,299,749	6,083,862
888,871	883,961	880,931	908,687	946,869
407,336	287,288	395,809	417,626	410,942
0	0	0	0	0
360,000	375,000	385,000	12,100,000	0
595,309	584,509	572,884	577,209	0
0	0	0	0	0
12,981,803	12,756,181	13,537,868	25,668,331	16,306,774
1,212,354	1,670,033	1,972,519	(9,536,277)	595,024
1,274,755	1,140,692	1,230,450	12,246,681	2,927,828
(1,274,755)	(1,140,692)	(1,230,450)	(12,246,681)	(2,927,828)
0	0	0	0	0
\$1,212,354	\$1,670,033	\$1,972,519	(\$9,536,277)	\$595,024
2.5%	2.6%	2.5%	80.9%	0.0%

TOWN OF COLMA
Assessed Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Secured Property Assessed Value (a)	Unsecured Property Assessed Value	SBE Nonunitary Value (a)	Total Assessed Value (a)	Total Direct Tax Rate (b)	Percentage Growth Change
2006	415,882,353	39,341,159	314,288	455,537,800	1.0%	
2007	473,383,998	43,853,642	314,288	517,551,928	1.0%	13.6%
2008	458,310,704	42,682,910	723,100	501,716,714	1.0%	-3.1%
2009	518,887,963	42,215,361	723,100	561,826,424	1.0%	12.0%
2010	497,649,479	45,180,770	723,100	543,553,349	1.0%	-3.3%
2011	493,189,593	35,162,186	723,100	529,074,879	1.0%	-2.7%
2012	497,097,100	34,175,946	542,325	531,815,371	1.0%	0.5%
2013	520,782,477	36,007,528	542,325	557,332,330	1.0%	4.8%
2014	534,119,184	36,578,906	542,325	571,240,415	1.0%	2.5%
2015	577,284,551	36,807,516	542,325	614,634,392	1.0%	7.6%

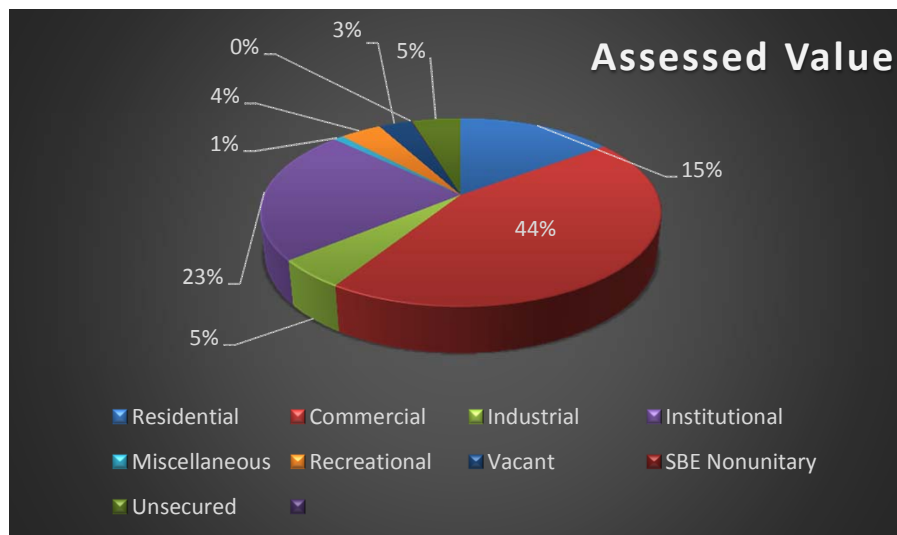
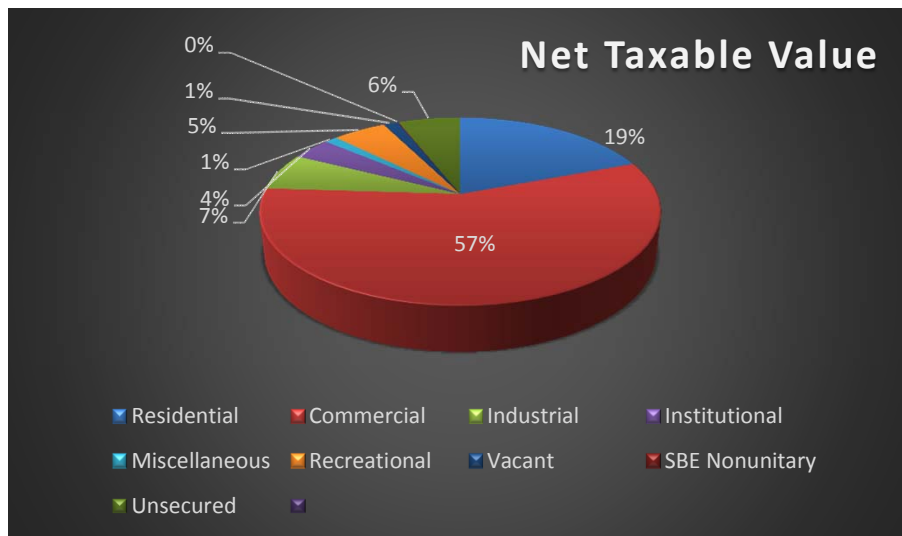
(a) Assessed values presented are net of exemptions.

The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

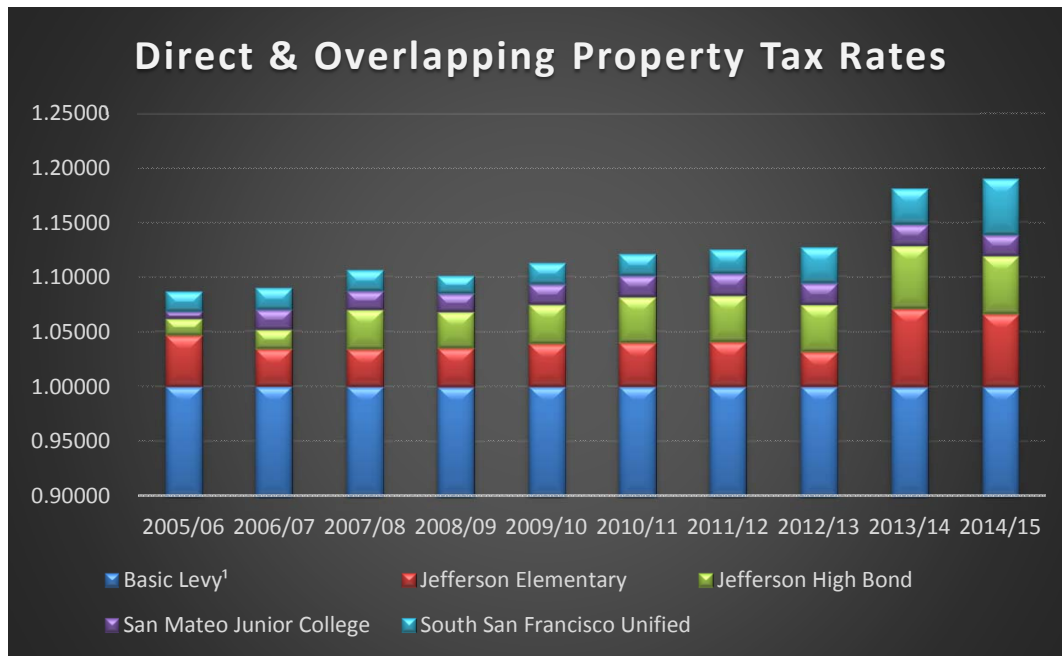
(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The Town of Colma encompasses 7 tax rate areas.

TOWN OF COLMA
Assessed Value of Taxable Property by Use
Fiscal year ending June 30, 2015

Category	Parcels	Assessed Value	% of Total	Net Taxable Value	% of Total
Residential	314	118,221,727	14.9%	118,221,727	19.2%
Commercial	70	348,874,518	44.1%	348,874,518	56.8%
Industrial	19	39,381,453	5.0%	39,381,453	6.4%
Institutional	50	182,807,078	23.1%	23,255,266	3.8%
Miscellaneous	21	7,378,149	0.9%	7,378,149	1.2%
Recreational	2	31,545,389	4.0%	31,545,389	5.1%
Vacant	109	25,388,263	3.2%	8,628,049	1.4%
SBE Nonunitary	[3]	542,325	0.1%	542,325	0.1%
Unsecured	[127]	37,177,383	4.7%	36,807,516	6.0%
TOTALS	585	791,316,285		614,634,392	



TOWN OF COLMA
Direct & Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)
Last Ten Fiscal Years



Agency	2005/06	2006/07	2007/08	2008/09	2009/10
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Jefferson Elementary	0.04660	0.03410	0.03400	0.03540	0.03890
Jefferson High Bond	0.01530	0.01740	0.03610	0.03330	0.03600
San Mateo Junior College	0.00650	0.01840	0.01710	0.01650	0.01820
South San Francisco Unified	0.01820	0.01950	0.01890	0.01620	0.01950
Total Direct & Overlapping Tax Rates	1.08660	1.08940	1.10610	1.10140	1.11260

2010/11	2011/12	2012/13	2013/14	2014/15
1.00000	1.00000	1.00000	1.00000	1.00000
0.03990	0.04070	0.03160	0.07130	0.06620
0.04160	0.04220	0.04300	0.05740	0.05300
0.01930	0.01990	0.01940	0.01940	0.01900
0.01960	0.02210	0.03270	0.03280	0.05130
1.12040	1.12490	1.12670	1.18090	1.18950

Town of Colma

Principal Sales Tax Producers

Last Fiscal Year and Nine Years Ago

2014-15

Taxpayer	Business Type
Babies R Us	Specialty Stores
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/ApplianceStores
BevMo	Package Liquor Stores
Cypress Lawn Cemetary	Morticians and Undertakers
Golden Gate Acura	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials
Honda of Serramonte	New Motor Vehicle Dealers
Hyundai Serramonte	New Motor Vehicle Dealers
Kohls	Department Stores
Lexus of Serramonte	New Motor Vehicle Dealers
Lucky Chances Casino & Dining	Leisure/Entertainment
Marshalls	Family Apparel
Michaels Arts & Crafts	Art/Gift/Novelty Stores
Nordstrom Rack	Department Stores
Office Depot	Office Supplies / Furniture
Old Navy	Family Apparel
Pacific Nurseries	Garden Agriculture Supplies
Serramonte Auto Plaza	New Motor Vehicle Dealers
Serramonte Ford	New Motor Vehicle Dealers
Serramonte Ford	New Motor Vehicle Dealers
Stewart Chevrolet Chrysler	New Motor Vehicle Dealers
Target	Discount DeptStores
Team Volkswagen Subaru	New Motor Vehicle Dealers
Toyota Lease Trust	Auto Lease

Percent of Fiscal Year Paid by Top 25 Accounts = 89.04%

2005-06

Taxpayer	Business Type
Babies R Us	Specialty Stores
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/ApplianceStores
BevMo	Package Liquor Stores
Colma Buick Pontiac GMC	New Motor Vehicle Dealers
Cypress Lawn Cemetary	Morticians and Undertakers
Golden Gate Acura	New Motor Vehicle Dealers
Home Depot	Lumber/Building Materials
Honda of Serramonte	New Motor Vehicle Dealers
Infiniti Serramonte	New Motor Vehicle Dealers
Jo Ann Fabrics & Crafts	Specialty Stores
Kohls	Department Stores
Lexus of Serramonte	New Motor Vehicle Dealers
Lucky Chances Casino & Dining	Leisure/Entertainment
Magnolia Hi Fi	Electronics/ApplianceStores
Marshalls	Family Apparel
Nordstrom Rack	Department Stores
Old Navy	Family Apparel
Pacific Nurseries	Garden Agriculture Supplies
Serramonte Auto Plaza	New Motor Vehicle Dealers
Serramonte Ford	New Motor Vehicle Dealers
Silver Gas	Service Stations
Stewart Chevrolet Chrysler	New Motor Vehicle Dealers
Target	Discount DeptStores
Toyota Motor Credit Corporation	Auto Lease

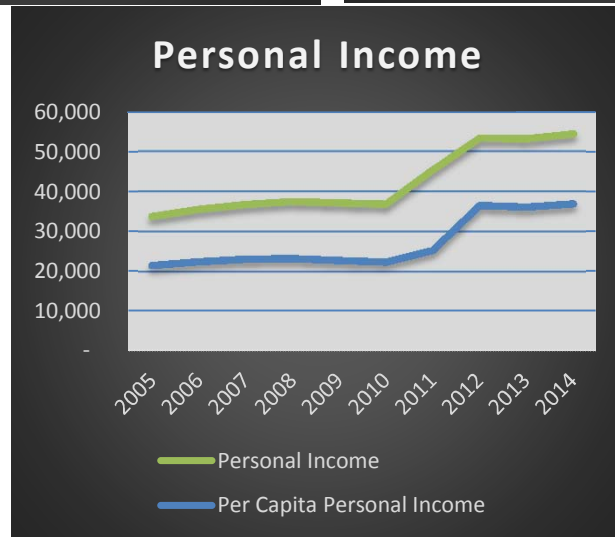
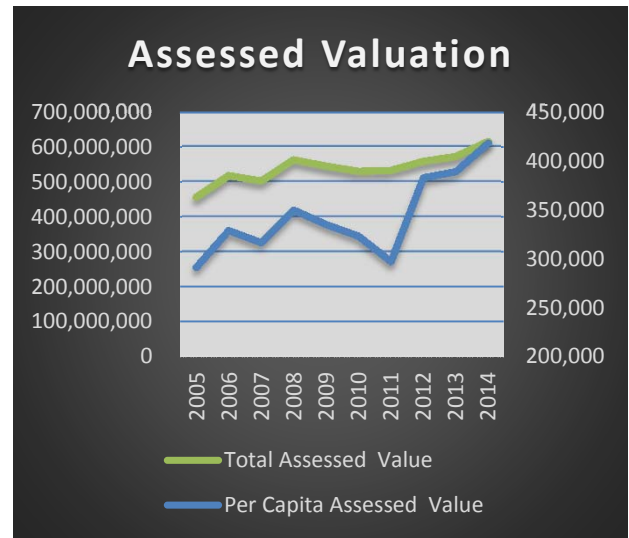
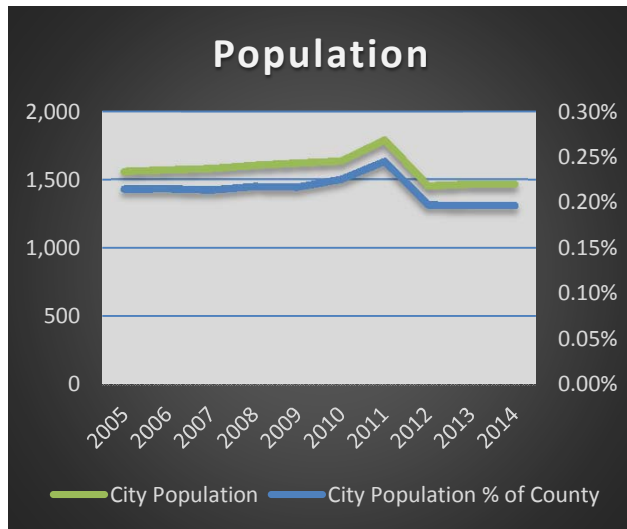
Percent of Fiscal Year Paid by Top 25 Accounts = 90.75%

Town of Colma
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

	2005	2006	2007	2008	2009
Apparel Stores	\$25,468	\$26,497	\$26,673	\$25,114	\$27,422
General Merchandise	103,557	110,147	117,177	116,220	119,226
Eating and Drinking Places	8,533	8,943	9,155	9,552	9,982
Auto Dealers and Supplies	359,492	340,486	316,289	231,712	216,683
Other Retail Stores	278,031	257,122	251,937	234,050	211,663
All Other Outlets	128,498	121,000	118,525	101,732	92,669
Total	\$903,579	\$864,195	\$839,756	\$718,380	\$677,645

2010	2011	2012	2013	2014
\$27,968	\$28,689	\$32,947	\$31,688	\$31,322
115,692	124,320	127,389	125,974	119,531
9,773	13,094	14,888	13,907	15,060
230,028	266,099	341,657	412,818	484,193
206,012	199,079	201,710	217,582	221,495
103,731	111,061	125,756	150,380	173,869
<u>\$693,204</u>	<u>\$742,342</u>	<u>\$844,347</u>	<u>\$952,349</u>	<u>\$1,045,470</u>

TOWN OF COLMA
Demographic and Economic Statistics
Last Ten Fiscal Years



Fiscal Year	City Population	Total Assessed Value	Per Capita Assessed Value	Personal Income (in thousands)	Per Capita Personal Income	San Mateo County Population	City Population % of County
2005	1,563	455,537,800	291,451	33,883	21,678	726,336	0.22%
2006	1,574	517,551,928	328,813	35,636	22,641	730,339	0.22%
2007	1,584	501,716,714	316,740	36,876	23,281	739,469	0.21%
2008	1,607	561,826,424	349,612	37,649	23,428	736,951	0.22%
2009	1,622	543,553,349	335,113	37,248	22,965	745,654	0.22%
2010	1,637	529,074,879	323,198	36,937	22,564	724,702	0.23%
2011	1,789	531,815,371	297,270	45,492	25,429	729,443	0.25%
2012	1,458	557,332,330	382,258	53,392	36,620	735,678	0.20%
2013	1,470	571,240,415	388,599	53,218	36,203	745,193	0.20%
2014	1,471	614,634,392	417,834	54,449	37,015	745,635	0.20%

TOWN OF COLMA
MANAGEMENT REPORT
For the Year Ended
JUNE 30, 2015

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Town Council
Town of Colma
Colma, California

In planning and performing our audit of the basic financial statements of Town of Colma for the fiscal year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Colma's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's basic financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the basic financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control that we consider material weaknesses, as defined above.

During our audit, we noted certain matters involving internal controls and other operational matters that are presented for your consideration in this report. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are not intended to be all-inclusive, but rather represent those matters that we considered worthy of your consideration. Our comments and recommendations are submitted as constructive suggestions to assist you in strengthening controls and procedures; they are not intended to reflect on the honesty or integrity of any employee. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist Town of Colma in implementing the recommendations.

This report is intended solely for the information and use of management of Town of Colma and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We thank Town of Colma's staff for its cooperation during our audit.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 4, 2016

Town of Colma
MANAGEMENT REPORT
For the Year Ended June 30, 2015

We have audited the basic financial statements of Town of Colma for the year ended June 30, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 16, 2015, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Town of Colma. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Town of Colma are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Town of Colma during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements were:

- Accrual and disclosure of compensated absences;
- Capital asset lives and depreciation expense;
- Actuarial assumptions for pension and post-employment benefits;
- Fair value of investments and financial instruments.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Town of Colma
MANAGEMENT REPORT
For the Year Ended June 30, 2015

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 letter dated December 23, 2015.

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 Town of Colma'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 Town of Colma's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Town of Colma
MANAGEMENT REPORT
For the Year Ended June 30, 2015

Current Year Observations

1) Payroll Bank Reconciliation

Observation:

During the course of our audit we noted the payroll bank account reconciliation had a difference of \$5,000 related to the timing of an employee workers compensation legal determination.

Recommendation:

We recommend any differences be documented on the reconciliation with supporting documents (if any) attached to the reconciliation.

Management Response:

The timing of this particular transaction involved a retroactive adjustment after the Bank Reconciliation was prepared. The bank reconciliation records have been updated to include the back-up documentation. Staff have been made aware of what is needed in the future.

Prior Year Observations

There were no prior year observations.

**TOWN OF COLMA
MEASURE A FUND
(A nonmajor component unit fund)**

FINANCIAL STATEMENTS

JUNE 30, 2015

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Town Council
Town of Colma
Colma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure A Fund of Town of Colma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Measure A Fund's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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, we consider internal control relevant to Measure A Fund'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 Measure A Fund'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.

As described in Note 1 to the financial statements, the accompanying financial statements present only the Measure A Fund and do not purport to, and do not, present fairly the financial position of Town of Colma, California, as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A Fund of Town of Colma, California, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 11, 2016

Town of Colma
Measure A Fund
GOVERNMENTAL FUND TYPE
BALANCE SHEET
June 30, 2015

ASSETS

Accounts receivable	\$ 8,313
	<u> </u>
Total assets	<u>\$ 8,313</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Due to other fund	\$ 166
	<u> </u>
Fund balance:	
Assigned	<u>8,147</u>
	<u> </u>
Total liabilities and fund balances	<u>\$ 8,313</u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
Measure A Fund
GOVERNMENTAL FUND TYPE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2015

Revenues:	
20 percent of 1/2 cent sales tax	\$ 51,348
Hillside Blvd Project	159,787
Use of money and property	<u>452</u>
Total revenues	<u>211,587</u>
Expenditures:	
Capital outlay	<u>211,135</u>
Total expenditures	<u>211,135</u>
Excess of revenues over expenditures	452
Fund balance, beginning of period	<u>7,695</u>
Fund balance, end of period	<u><u>\$ 8,147</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Colma
Measure A Fund
NOTES TO FUND FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - REPORTING ENTITY

At the general election on June 7, 1988, the voters of San Mateo County approved Measure A, “An ordinance providing for the creation of the San Mateo County Transportation Authority, for the imposition of a one-half of one percent transactions and use tax, for the issuance of limited tax bonds, and for other purposes.” It also includes an annual allocation of 20 percent of the total revenue generated by the aforementioned ½ percent transactions and use tax to the cities of San Mateo County and to the County of San Mateo for the improvement of local transportation, including streets and roads.

The Measure A Fund (the Fund) is a component unit nonmajor fund of Town of Colma. The accounting policies of the Fund conform to U.S. generally accepted accounting principles as applicable to governments. The accompanying financial statements present financial information for only the Measure A Fund, and not for Town of Colma (the Town) as a whole.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases and decreases in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related liability is incurred by the Fund.

B. Budgets and Budgetary Accounting

The Town adopted an annual budget for the Fund for the fiscal year ending June 30, 2015. The Town’s budget is prepared on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at year end.

The appropriated budget is prepared by fund, function, department and line item. The legal level of budgetary control is the fund level. Any changes to increase total appropriations in a fund require the approval of the Town Council.

Town of Colma
Measure A Fund
NOTES TO FUND FINANCIAL STATEMENTS
June 30, 2015

NOTE 3 - CASH AND INVESTMENTS

The Town pools various funds' cash for investment purposes. The Fund's equity in such pooled assets is shown as "Cash and Investments." Cash and investments in the accompanying financial statements are carried at fair value.

The Town is authorized by its most recent investment policy to invest in the State of California Local Agency Investment Fund, the San Mateo County Treasurer's Investment Pool and other permitted investments.

Interest earnings, if any, were allocated to the Fund in the 2015 fiscal year based upon the Fund's average cash balances and the proportionate interest earned by the Town on its pooled investments in the State of California Local Agency Investment Fund (LAIF) and the San Mateo County Treasurer Pool. See the Town's Basic Financial Statements for the disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4 - CONTINGENCIES

Local Financial Assistance. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the San Mateo County Transportation Authority. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantors cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 5 - ASSIGNED FUND BALANCE

The accompanying financial statements reflect certain changes that have been made with respect to the reporting components of fund balances for governmental funds. In previous years, fund balances for governmental funds were reported in accordance with previous standards that included components for reserved fund balance, unreserved fund balance, designated fund balance, and undesignated fund balance. Due to the implementation of GASB Statement No. 54, the components of fund balances of governmental funds now reflect the component classification of assigned fund balance.

Assigned fund includes amounts intended to be used by the Town for specific purposes, subject to change, as established either directly by the Town Council or by management officials to whom the assigned authority has been delegated by the Town Council.

REPORT ON COMPLIANCE BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH AUDITING
STANDARDS GENERALLY ACCEPTED IN
THE UNITED STATES OF AMERICA

Honorable Mayor and Members
of the Town Council
Town of Colma
Colma, California

We have audited the Town of Colma's compliance with the agreement between the Town of Colma and San Mateo County Transportation Authority applicable to the Measure A Fund for the year ended June 30, 2015. Compliance with the requirements referred to above is the responsibility of Town of Colma's management. Our responsibility is to express an opinion on Town of Colma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the agreement between the Town of Colma and San Mateo County Transportation Authority. Those standards and agreement require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the Measure A Fund. An audit includes examining, on test basis, evidence about Town of Colma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Town of Colma's compliance with those requirements.

Compliance

As part of obtaining reasonable assurance about whether Town of Colma Measure A Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including tests of Town of Colma's compliance with certain provisions of Measure A, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under U.S. generally accepted auditing standards.

This report is intended solely for the information of and use of the Town Council and management of Town of Colma, and the County of San Mateo Transportation Authority, and is not intended to be and should not be used by anyone other than these specified parties.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 11, 2016



INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES APPLIED
TO APPROPRIATIONS LIMIT WORKSHEETS

Honorable Mayor and Members of
The Town Council
Town of Colma

We have applied the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Town of Colma (the Town) for the year ended June 30, 2016. These procedures, which were agreed to by the Town (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the Town in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which the report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed appropriation limit worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the Town Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the Town Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit and total adjustments, and compared the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit worksheet to the other worksheets described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the Town Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the Town of Colma and should not be used by those who have not agreed to the procedures and taken the responsibility for the sufficiency of the procedures for their purposes.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, CA
February 17, 2016

Article XIII B Appropriation Limit Calculation

Prior Year Limit \$ 40,553,428

Multiply by:

Non-Residential Assessed

Valuation Growth 1.000382

Change in population 1.000061 1.000443

Total Appropriation Limit Fiscal Year 2015-2016 \$ 40,571,394





STAFF REPORT

TO: Mayor and Members of the City Council
FROM: Brian Dossey, Director of Recreation
VIA: Services Sean Rabé, City Manager
MEETING DATE: March 9, 2016
SUBJECT: 2016 Adult Holiday Event

STAFF RECOMMENDATION

Staff recommends that the City Council adopt:

MOTION DIRECTING STAFF TO PLAN AND COORDINATE AN ADULT HOLIDAY EVENT AT THE SOUTH SAN FRANCISCO CONFERENCE CENTER ON DECEMBER 10, 2016; TO SET THE PARTICIPATION FEE FOR THE ADULT HOLIDAY PARTY AT \$15 FOR ADULTS AND \$10 FOR SENIORS AND DISABLED; AND TO PLAN AND COORDINATE THE ANNUAL TOWN PICNIC FOR SEPTEMBER 10, 2016.

EXECUTIVE SUMMARY

In December 2015 the Recreation Services Department planned and coordinated the Adult Holiday Event for the first time since 2008. Due to participation and resident feedback, staff recommends that the City Council adopt a motion directing the City Manager to host the Adult Holiday Event in 2016.

Staff is recommending the event be held at the South San Francisco Conference Center, and has December 10, 2016 on temporary hold pending City Council direction.

Due to the cost of the Adult Holiday Event and the policies surrounding how the Recreation Services Department sets participation fees, staff is recommending the City Council temporarily amend the fee structure for the Adult Holiday Party making it more affordable for the residents to participate.

Also, based on participation and resident feedback, staff is recommending the City Council direct the City Manager to plan and coordinate the annual Town Picnic. The picnic has been the Town's signature community event for the past several years, and staff fears the event would lose its appeal if it was postponed in lieu of the Adult Holiday Event.

FISCAL IMPACT

Staff estimates a Holiday Event at the South San Francisco Conference Center for adults and seniors to cost \$25,100.

Staff estimates the Town Picnic at the Sterling Park Recreation Center to cost \$16,000.

By hosting both events in Fiscal Year 2016-17, staff estimates an increase of approximately \$1,500 to the Recreation expenditures budget. Staff is increasing each program in anticipation of higher costs from vendors in 2016.

BACKGROUND

Due to the recession, the Adult Holiday Event was cancelled from 2009 – 2014. In January 2015, City Council directed the City Manager to explore the possibility of bringing the Adult Holiday Event back for 2015. In February and March staff proposed several options for City Council to consider and Council chose to host an event at a venue outside of the Town of Colma.

Staff received proposals from three different venues, and after careful review and consideration staff recommended the South San Francisco Conference Center as the best option for the Adult Holiday Event for the following reasons:

- Proximity to Colma
- Ability to accommodate 250-300 people
- Diversity and flexibility of menu options
- Sufficient parking and transportation accommodations
- Ability to provide lounge/quiet area
- Willingness to work with budget

Based on the research that was conducted in 2015, staff recommends the South San Francisco Conference Center host the 2016 Adult Holiday Event.

2015 Adult Holiday Party Re-cap

The 2015 Adult Holiday Event was very successful. Approximately 238 residents and staff participated, and staff received many positive comments. Participants enjoyed hand passed appetizers, buffet dinner, complimentary wine, photo booth, DJ dancing and a quiet lounge area with hot chocolate and cookies. The total cost for the Adult Holiday Event was \$24,400; \$200 under budget.

ANALYSIS

Adult Holiday Party

South San Francisco Conference Center

Based on the reasons stated in the background section of this report, its availability and willingness to work with the Town, staff is recommending the South San Francisco Conference Center as the venue for the 2016 Adult Holiday Event. Staff met with the Catering Manager at

the Conference Center, and has Meeting rooms A-E (same rooms as 2015) and the Baden Room (Lounge) on temporary hold pending City Council direction.

The Conference Center is also prepared to offer the same (or similar) menu for the same fee as 2015. The only additional costs for the 2016 event would be for corkage and security, each were waived in 2015. Please see the Conference Center's proposal (Attachment A).

Staff estimates the cost of the event at the Conference Center to be \$25,100 with 250 participants. This is an increase of \$500 from the 2015 Adult Holiday Event. Based on 250 participants, the per person charge will be \$100.00.

<u>Item</u>	<u>Cost</u>
Marketing Materials (flyers, invites, postage, etc.)	\$700
Food & Beverage (appetizers, buffet, desserts, cash bar and SSF Conference Center charges)	\$19,600
Decorations (centerpieces and pop up lighted displays)	\$1,000
Entertainment (DJ)	\$800
Transportation	\$3,000
TOTAL	\$25,100

Under the Recreation Services Department fee structure, the cost of this program would be \$60 (60 percent of cost) for adults and \$30 (30 percent of cost) for seniors and disabled. This is because the event is open to adults and seniors only and is not being held at a Town facility. Based on the cost to the resident, staff has concerns over meeting minimum registration requirements.

Staff recommends the City Council temporarily amend the fee structure for the Adult Holiday Party making it more affordable for the residents to participate. There is a provision in the Administration Code (section 2.01.085) that allows for temporary guidelines. Staff recommends the participation fee to be \$15 for adults and \$10 for seniors making it affordable for maximum participation.

Town Picnic

Over the past several years the Town Picnic has been the Town's signature community event, and at one point there was discussion of alternating the picnic with the Adult Holiday Event; however, there was concern over the picnic losing its appeal if it was alternated from year to year. Therefore in 2015 staff was able to downsize the picnic, and reduce the cost to \$15,000.

Staff estimates the Town Picnic at the Sterling Park Recreation Center can be coordinated again in 2016 at a cost of \$16,000. The increase is to make way for anticipated increased vendor costs. However staff may be able to reduce this cost by shortening the Town Picnic by one hour. Typically the event is scheduled from 11:00am-3:00pm, but you may recall that last year most everyone left between 2:00pm-2:30pm after bingo. Staff may be able to reduce costs by scheduling the picnic from 11:00am-2:00pm, shortening the times of vendors such as the band, caricaturist, face painter, bounce house, climbing wall, etc.

Council Adopted Values

Per policy, the Recreation Services Department activities are planned and coordinated so all programs are offered to the community equitably. Due to the recent recession, the Adult Holiday Event was canceled for several years creating an imbalance to programs offered to the community. By approving the recommendation to host an Adult Holiday Event and Town Picnic in 2016, the City Council would be making the *responsible* decision, once again offering programs equitably to all populations.

Sustainability Impact

Staff coordinates and implements program and activities which are in alignment with the Town's Climate Action Plan and Sustainability Policy. For example, all invitations and flyers are printed on recycled paper products, and staff will reuse holiday decorations that were purchased in 2015. Also, when food and beverages are provided, staff uses recyclable products to serve the food.

Alternatives

1. Do not host an Adult Holiday Event and instead Host the Annual Town Picnic in 2016.

SUMMARY

Based on participation and feedback staff is recommending City Council direct the City Manager to coordinate an Adult Holiday Event and Town Picnic in 2016, and to firm up the December 10, 2016 reservation at the South San Francisco Conference Center for the Adult Holiday Event.

Due to the cost of the Adult Holiday Event and the policies surrounding how the Recreation Services Department sets participation fees, staff is recommending the City Council to temporarily amend the fee structure for the Adult Holiday Party making it more affordable for the residents to participate.

ATTACHMENTS

- A. South San Francisco Conference Center Proposal

ATTACHMENT A

SOUTH SAN FRANCISCO Town of Colma 2016 Holiday Party
CONFERENCE CENTER Mr. Brian Dossey

**EVENT ESTIMATE SHEET Saturday, December 10, 2016**

ITEM	PRICE	QUANTITY	TOTAL
Dimmer Buffet- Dessert & Appetizers	\$48.00	250	\$12,000.00
Hosted Sodas (each)	\$2.50	200	\$500.00
<i>Waived Corkage Fee</i>	\$10.00	30	\$300.00
			\$0.00
			\$0.00
			\$0.00
Food and Beverage Subtotal			\$12,800.00
20% Banquet Service Charge			\$2,560.00
Subtotal			\$15,360.00
9.5% California State Sales Tax			\$1,459.20
Food and Beverage Total			\$16,819.20
Room Rent	\$1,500.00	1	\$1,500.00
Insurance	\$150.00	1	\$150.00
Dance Floor	\$384.00	1	\$384.00
Power drop			\$0.00
Security (each officer \$110/hr)	\$660.00	1	\$660.00
		0	\$0.00
Total SSFCC Charges			\$2,694.00
Deposits Made			
TOTAL			\$19,513.20

NOTE: BADEN A ROOM WAIVED ASSUMING FLEXIBILITY TO MOVE SPACE.

