

**TOWN OF COLMA  
COLMA, CALIFORNIA**

**BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2015**

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## **INTRODUCTORY SECTION**



## TOWN OF COLMA

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Tel 650-997-8300 • Fax 650-997-8308

January 29, 2015

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

### City Council

Diana Colvin  
Mayor

Helen Fiscaro  
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

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 1<sup>st</sup> 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,



Sean Rabé  
City Manager

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

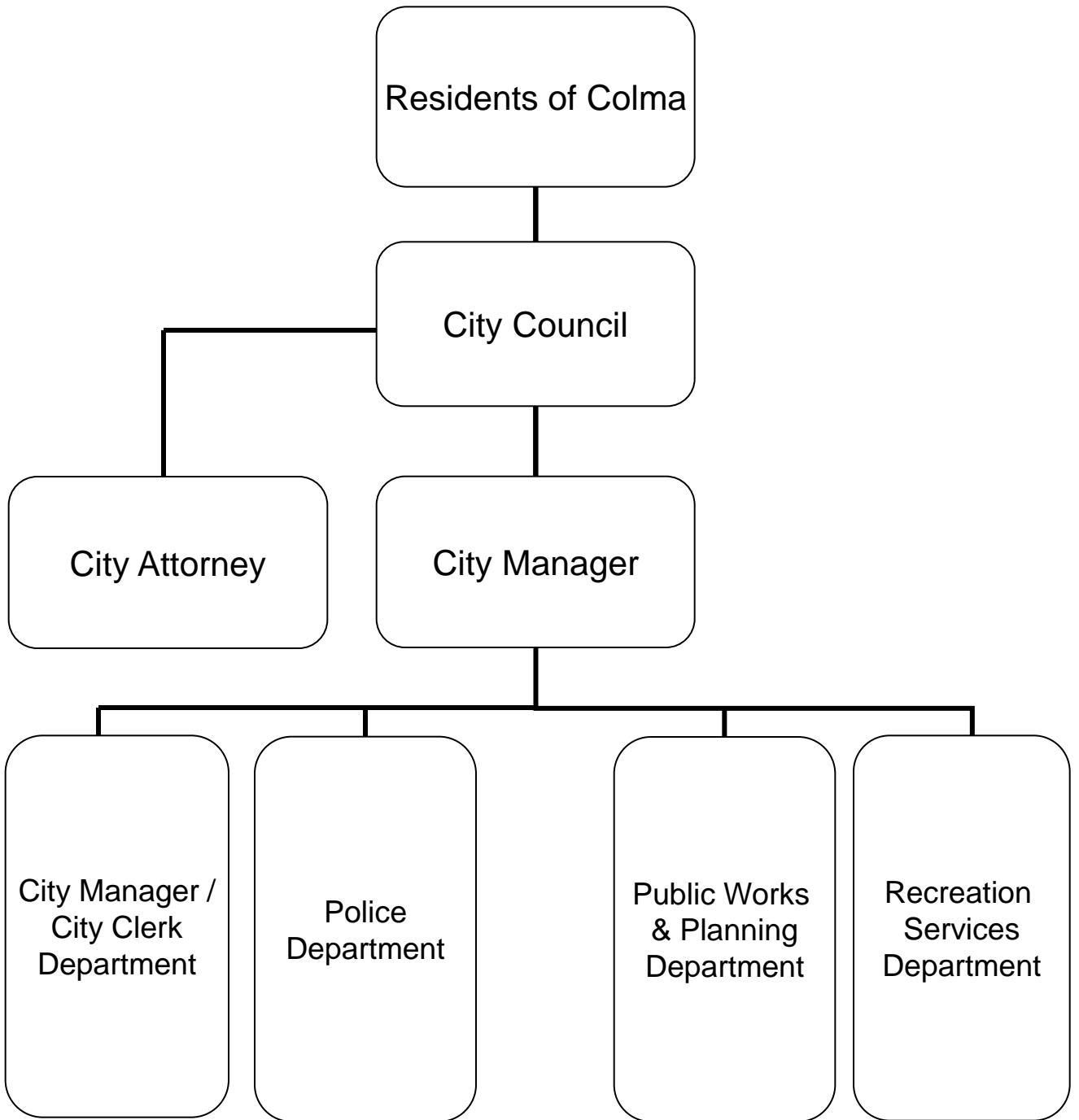
**Elected Officials**

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

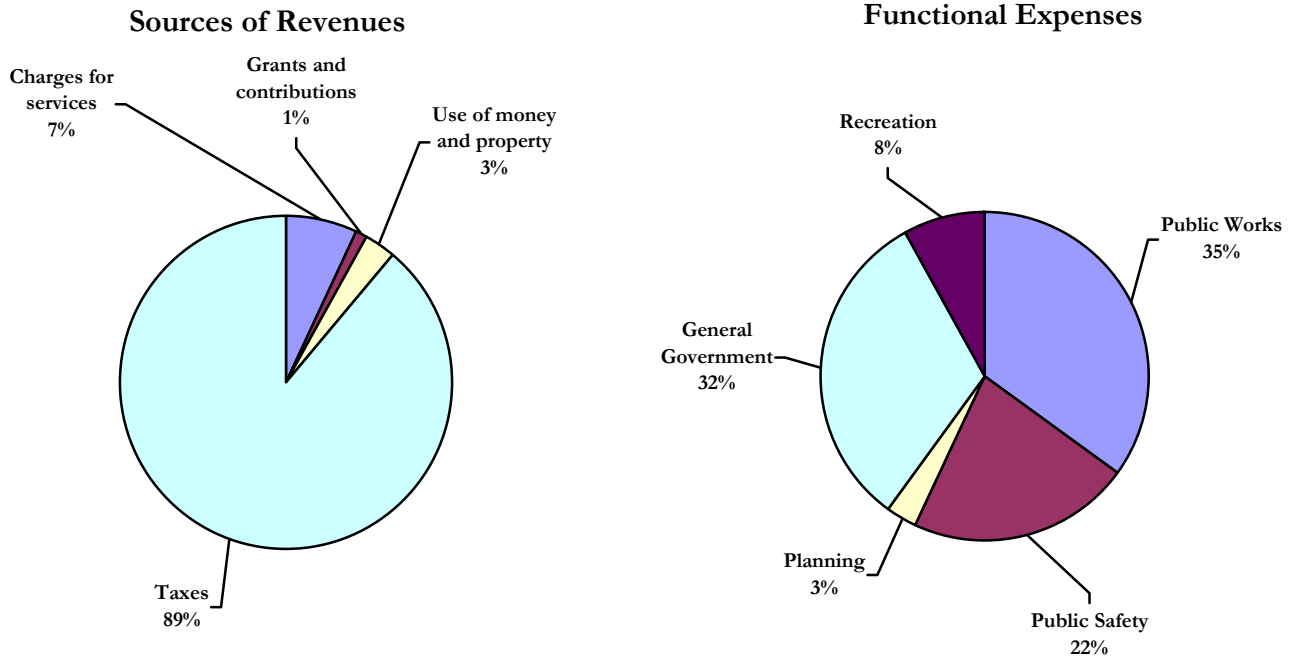
	2015	2014
Current and other assets	\$ 28,657,680	\$ 28,295,109
Capital assets, net of accumulated depreciation	46,404,513	44,599,385
Total assets	75,062,193	72,894,494
Deferred outflows	936,957	
Current liabilities	515,429	747,881
Long-term liabilities	13,467,657	6,787,161
Total liabilities	13,983,086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

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	12,379,447	14,950,493
<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	1,260,516	1,483,708
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	15,641,282	14,648,346
Total revenues	16,901,798	16,132,054
Change in net position	\$ 4,522,351	\$ 1,181,561

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

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

**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		28,657,680

Noncurrent assets:

Capital assets:

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

Total assets		75,062,193
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DEFERRED OUTFLOWS

Deferred outflows related to pensions		936,957
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LIABILITIES

Current liabilities:

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

Noncurrent liabilities due in more than one year:

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

Total liabilities		13,983,086
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DEFERRED INFLOWS

Deferred Inflows related to pensions		(388,357)
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NET POSITION

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

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 Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					<u>Total Town</u>
					<u>Governmental</u>
					<u>Activities</u>
<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	-	-	-	-	-
	<u>12,379,447</u>	<u>1,121,707</u>	<u>138,809</u>	<u>-</u>	<u>(11,118,931)</u>
Total Governmental Activities					
	<u>\$ 12,379,447</u>	<u>\$ 1,121,707</u>	<u>\$ 138,809</u>	<u>\$ -</u>	<u>(11,118,931)</u>
Total Town Government					
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					<u>148,351</u>
Total general revenues and special items					<u>15,641,282</u>
Change in net position					<u>4,522,351</u>
Net position beginning of period					65,359,451
Prior period adjustment					<u>(7,477,381)</u>
Net position beginning of period restated					<u>57,882,070</u>
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	\$ 28,598,671	\$ 59,009	\$ 28,657,680
<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	480,758	34,671	515,429
<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	28,117,913	24,338	28,142,251
Total Liabilities and Fund Balances	\$ 28,598,671	\$ 59,009	\$ 28,657,680
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.	(12,142,343)
Net position of Governmental Activities	\$ 62,404,421

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</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Funds</u>	<u>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

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

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	\$ <u>1,261,028</u>
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:

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

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:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
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	\$ 6,787,160	\$ 6,891,569	\$ 211,073	\$ 13,467,656	\$ -

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 - PEPR)
- Town Safety (Tier 1)
- Town Safety (Tier 2)
- Town Safety (Tier 3 - PEPR)

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 August 1, 2012	8/1/2012 – 12/31/2012 (or "Classic")	On or after January 1, 2013
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 compensations	2.0% to 2.5%	1.091% to 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:

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	<u>-</u>	<u>(1,504,964)</u>
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<sup>(1)</sup></u>	<u>Real Return Years 11+<sup>(2)</sup></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	(633,565)	(226,748)
	\$ -	\$ -
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	13,534,000
Total	\$ 13,576,000

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	\$ 950,000

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	<u>(275,231)</u>	<u>(215,655)</u>
Annual OPEB cost (expense)	1,240,058	1,455,093
Contributions to OPEB Trust	(1,000,000)	-
Retiree Premium cost	<u>(451,131)</u>	<u>(362,795)</u>
Increase/(decrease) in net OPEB Obligation	(211,073)	1,092,298
Net OPEB Obligation – beginning of year	<u>5,851,579</u>	<u>4,759,281</u>
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)

	<u>Budgeted Amounts</u>		
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<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>			Town Capital Projects Fund	Total Nonmajor Governmental Funds
	<u>Measure A</u>	<u>Gas Tax</u>	<u>Local law Enforcement Grants</u>		
<u>ASSETS</u>					
Cash and investments	\$ (166)	\$ 669	\$ 54,782	\$ (13,751)	\$ 41,534
Receivables from other governments	8,313	-	9,162	-	17,475
 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	\$ -	\$ -	\$ 1,203	\$ 33,468	\$ 34,671
 Total Liabilities	 -	 -	 1,203	 33,468	 34,671
Fund balances:					
Assigned	8,147	669	62,741		71,557
Unassigned	-	-	-	(47,219)	(47,219)
 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>



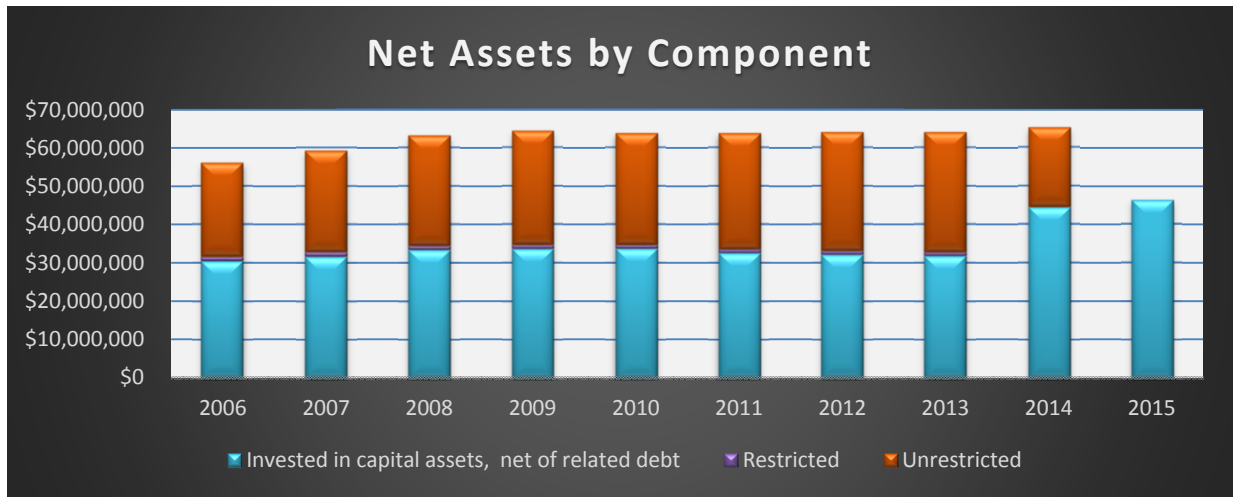
Town of Colma  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2015

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

## 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
<b>Governmental activities</b>					
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
<b>Total governmental activities net position</b>	<b>\$56,243,946</b>	<b>\$59,395,374</b>	<b>\$63,370,000</b>	<b>\$64,531,087</b>	<b>\$63,923,894</b>

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$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
<u>\$63,935,902</u>	<u>\$64,182,101</u>	<u>\$64,177,891</u>	<u>\$65,359,452</u>	<u>\$62,404,421</u>

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

	<b>Fiscal Year Ended June 30,</b>				
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Expenses</b>					
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	<u>13,935,362</u>	<u>12,633,841</u>	<u>13,192,448</u>	<u>14,129,100</u>	<u>14,273,649</u>
Total Primary Government Expenses	<u>\$13,935,362</u>	<u>\$12,633,841</u>	<u>\$13,192,448</u>	<u>\$14,129,100</u>	<u>\$14,273,649</u>
<b>Program Revenues</b>					
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	<u>\$2,955,230</u>	<u>\$3,296,504</u>	<u>\$3,511,340</u>	<u>\$3,050,493</u>	<u>\$2,609,969</u>

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
\$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
<b>\$14,182,149</b>	<b>\$14,180,015</b>	<b>\$15,514,597</b>	<b>\$14,950,493</b>	<b>\$12,379,447</b>

\$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
<b>\$3,127,392</b>	<b>\$2,955,514</b>	<b>\$3,306,789</b>	<b>\$1,483,708</b>	<b>\$1,260,516</b>

**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
<b>Net (Expense)/Revenue</b>					
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)
<b>General Revenues and Other Changes in Net Assets</b>					
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
Total Primary Government	\$11,982,427	\$12,488,765	\$13,655,734	\$12,239,694	\$11,056,487
<b>Change in Net Assets</b>					
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)



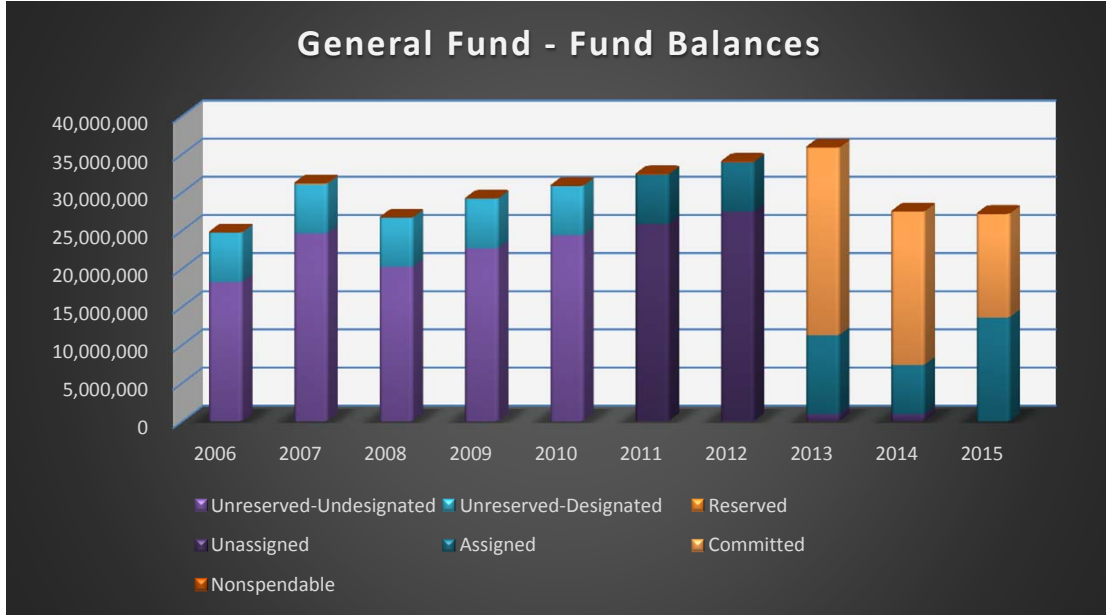
\$3,127,392	\$2,955,514	\$3,306,789	\$1,483,708	\$1,260,516
-------------	-------------	-------------	-------------	-------------

(\$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
<b>General Fund</b>					
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
<b>Total General Fund</b>	<b>\$24,735,221</b>	<b>\$31,158,964</b>	<b>\$26,662,193</b>	<b>\$29,153,612</b>	<b>\$30,836,330</b>
<b>All Other Governmental Funds</b>					
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
<b>Total all other governmental funds</b>	<b>\$1,197,703</b>	<b>\$1,069,637</b>	<b>\$1,248,171</b>	<b>\$922,843</b>	<b>\$1,065,343</b>

- (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.

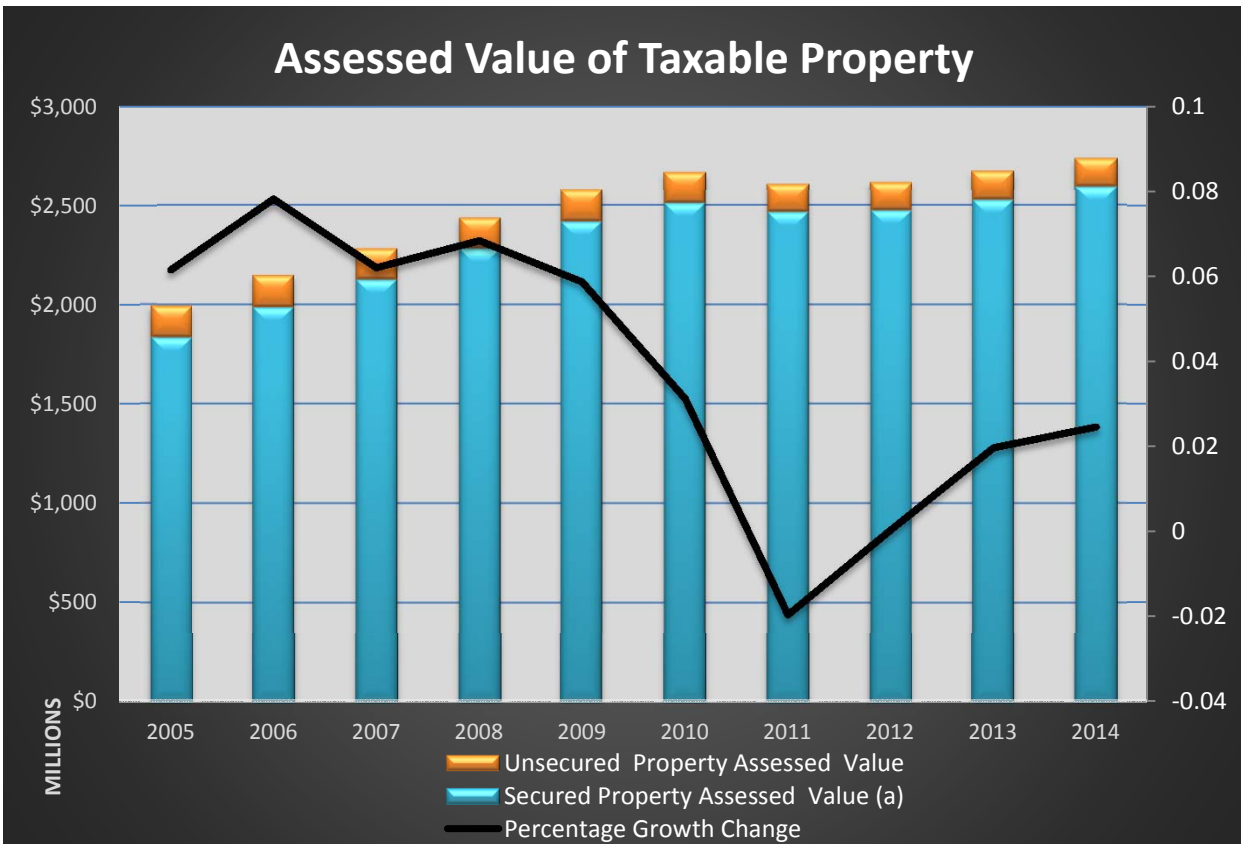
2011	2012	2013	2014	2015
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
\$88,822	\$103,788	\$98,956	0	0
0	0	24,552,790	20,100,000	13,576,000
6,464,640	6,464,640	10,319,919	6,417,979	950,000
25,848,027	27,462,519	950,000	950,000	13,591,913
<u>\$32,401,489</u>	<u>\$34,030,947</u>	<u>\$35,921,665</u>	<u>\$27,467,979</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)**

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenues</b>					
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
<b>Total Revenues</b>	<b>14,937,657</b>	<b>15,785,270</b>	<b>17,167,071</b>	<b>15,290,187</b>	<b>13,666,456</b>
<b>Expenditures</b>					
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
<b>Total Expenditures</b>	<b>21,296,044</b>	<b>13,807,829</b>	<b>15,000,983</b>	<b>13,464,970</b>	<b>13,339,528</b>
Excess (deficiency) of revenues over (under) expenditures	(6,358,387)	1,977,441	2,166,088	1,825,217	326,928
<b>Other Financing Sources (Uses)</b>					
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)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in fund balances</b>	<b>(\$6,358,387)</b>	<b>\$1,977,441</b>	<b>\$2,166,088</b>	<b>\$1,825,217</b>	<b>\$326,928</b>
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%

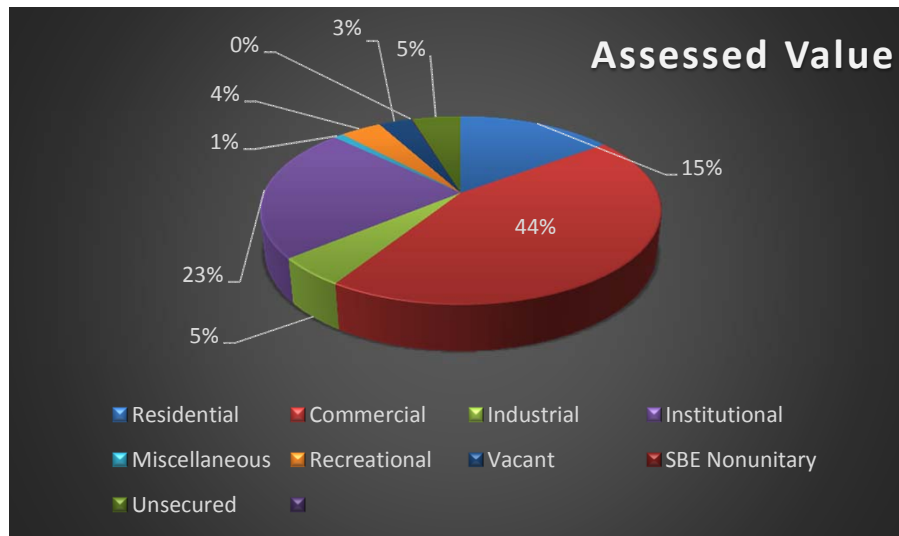
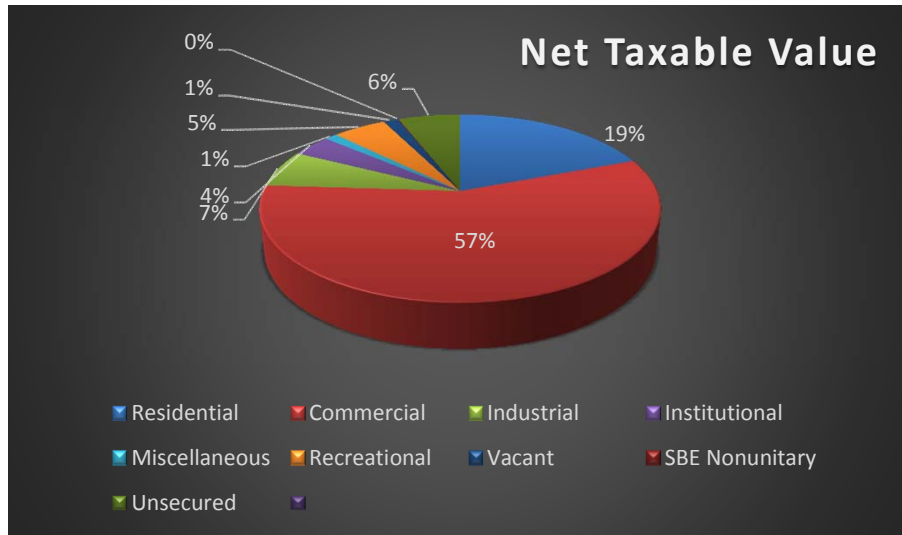
(a) Assessed values presented are net of exemptions.

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.

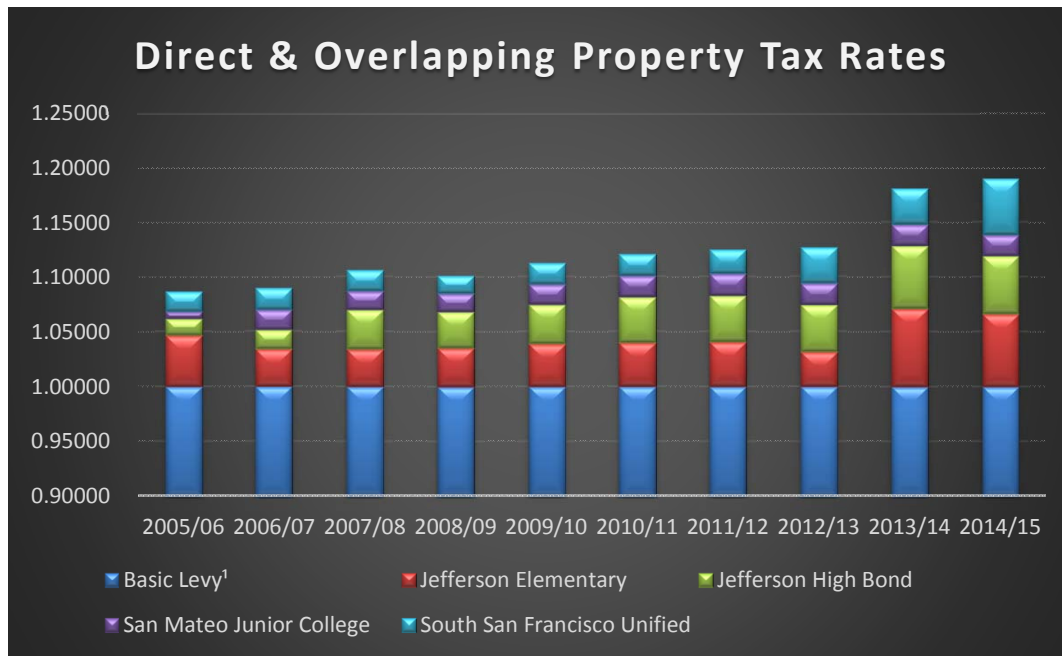
(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The Town of Colma encompasses 7 tax rate areas.

**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%
<b>TOTALS</b>	<b>585</b>	<b>791,316,285</b>		<b>614,634,392</b>	



**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 <sup>1</sup>	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
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.08660</b>	<b>1.08940</b>	<b>1.10610</b>	<b>1.10140</b>	<b>1.11260</b>



<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
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
<b>1.12040</b>	<b>1.12490</b>	<b>1.12670</b>	<b>1.18090</b>	<b>1.18950</b>

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**Town of Colma**

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**Principal Sales Tax Producers  
Last Fiscal Year and Nine Years Ago****2014-15**

<b>Taxpayer</b>	<b>Business Type</b>
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

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

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**2005-06**

<b>Taxpayer</b>	<b>Business Type</b>
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

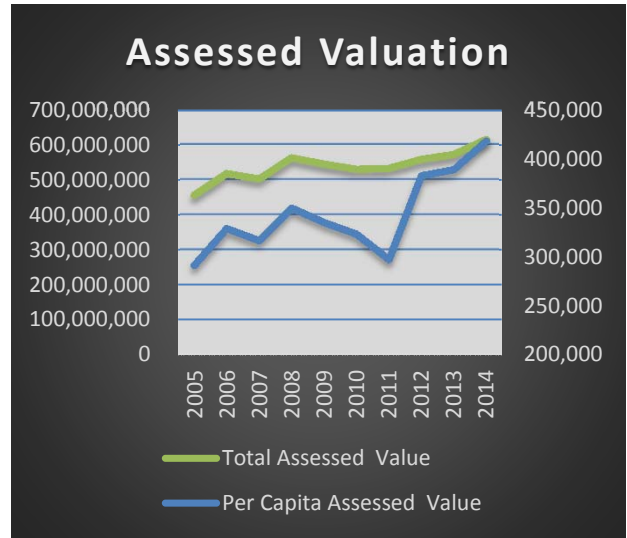
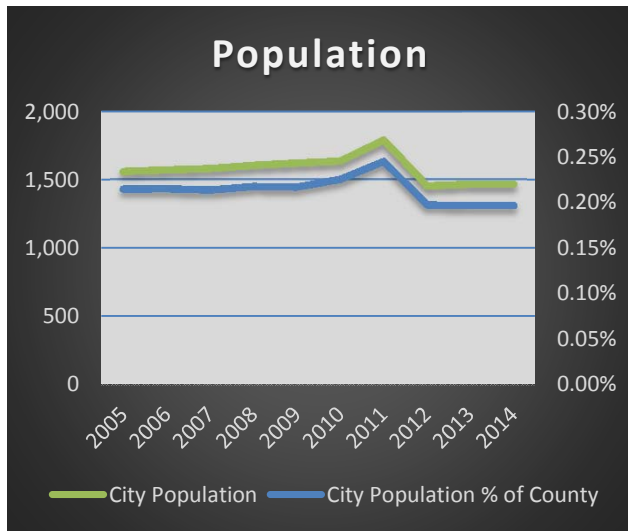
Percent of Fiscal Year Paid by Top 25 Accounts = 90.75%

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

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
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
<b>Total</b>	<b>\$903,579</b>	<b>\$864,195</b>	<b>\$839,756</b>	<b>\$718,380</b>	<b>\$677,645</b>

<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$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%