



## PRELIMINARY QUARTERLY FINANCIAL REPORT FOURTH QUARTER 2016-2017 (April 1, 2017 – June 30, 2017)

This report provides an overview and summarized information on the Town Finances. This is a preliminary report prepared prior to the completion of the annual financial audit and end of year accruals. The final year-end accruals will be reported as part of the annual audit and financial statements.

For the Town of Colma, the General Fund represents the most significant portion of the annual revenue and expenditures. Therefore, the focus of the report will be on the performance of the General Fund, unless otherwise noted. The format of the report compares data from the Prior Year actual results to the Current Year Budget / Quarterly Actual. Since this report covers the final quarter the amount reported for the previous year are the total as reported in the Audited Financial Statements. The current year amounts presented provide preliminary information and a comparison to the amended budget, prior to any final adjustments.

### **GENERAL FUND FINANCIAL POSITION**

In Fiscal Year 2016-2017 the General Fund includes budgeted revenue of approximately \$17.0 million and budgeted expenditures of \$13.3 million. In addition the General Fund has net budgeted transfers to other funds of approximately \$5.8 million. A transfer represents resources in one fund that are transferred to another fund. The transfers in the current year budget are for Capital Project funding and Debt Service. This includes a Transfer for the Town Hall Construction. These funds will remain in the CIP Fund until expended for the project.

Total General Fund Revenue for the year is estimated to exceed budge estimate and expenditures prior to final accruals are less than budgeted. Overall net "transfers" are nearly the same amount as the budget. As presented during the 2017-18 budget deliberations the combination of all of these factors will have a positive impact on General Fund Reserves at year end. It has been recommended that additional analysis be completed and a plan developed to use reserves to fund liabilities. This will be presented to the City Council in the future. The information will address use of reserves to reduce financial liabilities. (Liabilities may include Pension, OPEB, Facility/Infrastructure replacement, etc.)

	FISCAL YEAR 2015-2016		FISCAL YEAR 2016-2017		
	Actual Fiscal Year	4th Qtr Actual	Amended Budget Fiscal Year	4th Qtr Estimate (Pre-Audit)	% of Budget For Period
Revenue	\$17,719,195	\$17,719,195	\$17,036,712	\$18,097,382	106.2%
Expenditures	(13,410,013)	(13,410,013)	(14,264,795)	(13,322,235)	93.4%
Net Transfers In / (Out)	(9,833,630)	(9,833,630)	(5,853,170)	(5,848,997)	
Net Change	(5,524,447)	(5,524,447)	(3,081,253)	(1,073,849)	
Beginning Balance	28,118,695	28,118,695	22,594,248	22,594,248	
Balance Year To Date	22,594,248	22,594,248	19,512,995	21,520,399	

**MAJOR GENERAL FUND REVENUE SOURCES**

As shown below, over 90 percent of the budgeted General Fund Revenues are concentrated in four revenue types. The concentration increased slightly from the prior Fiscal Year to now represent 92.8% of the total General Fund Revenue.

	FISCAL YEAR 2015-2016		FISCAL YEAR 2016-2017		
	Actual Fiscal Year	4th Qtr Actual	Amended Budget Fiscal Year	4th Qtr Estimate (Pre-Audit)	% of Budget For Period
Sales Taxes	\$10,851,062	\$10,851,062	\$10,750,000	\$11,202,348	104.2%
Cardroom Taxes	4,039,518	4,039,518	4,050,000	4,278,510	105.6%
Property Taxes	562,378	562,378	576,300	573,995	99.6%
Sewer Fees	836,480	836,480	710,000	741,229	104.4%
Sub-Total Major Revenue	\$16,289,438	\$16,289,438	\$16,086,300	\$16,796,083	104.4%
Total Revenue - GF	\$17,719,195	\$17,719,195	\$17,036,712	\$18,097,382	
% Major 5 Revenues	91.9%	91.9%	94.4%	92.8%	

As shown in the previous table three of the four Major General Fund revenue sources exceeded the amount included in the adopted budget. Overall the Budget for the four revenue types exceeded the budget by \$709,783. A narrative explanation is provided below for key deviations.

- Sales Tax exceeded the budget by approximately \$452,00. This also continued a trend of increased sales tax over the previous year (Amount was approximately \$351,000 more than prior year). As discussed in earlier reports vehicle sales continued to be strong throughout the year. The Town also had positive growth in sales tax allocated from the County pool for on-line and other allocated sales.
- Cardroom taxes can fluctuate from year to year based on a variety of factors. The amount collected was \$238,510 more than the Budget. This also continued a trend of increased tax over the previous year (Amount was approximately \$239,000 more than the previous year). This revenue has been increasing, however, it still remains below the \$4.7 million collected in Fiscal Year 2013-14.
- Property taxes were just slightly below the amount budgeted. Compared to the previous year this revenue had a 2% increase largely attributable to new assessed values.
- Sewer Fees are collected on the Property Tax bill and can vary from the budget based on the amount levied. The Town has offset a portion of the cost of sewer services with general fund monies covering some expenses as part of a water conservation program. Properties conserving water receive a discount in the amount placed on the property tax bill.
- Actual Sewer costs are approximately 10% more than the funds collected from users. The overall expenditures for sewer expenses as discussed below.

**GENERAL FUND EXPENDITURES**

Expenditures compared to Budget in the General Fund are expected to be \$942,560 below the amended budget. Major contributing factors are discussed in the summary section following the Table.

It is worth explaining the impact of a one-time transaction occurring in the previous fiscal year. When compared to the prior year performance, General Fund expenditures for Fiscal Year 2017-18 were just slightly less than the prior year (approximately \$88,000 lower in the current year). In the previous year the City Council approved establishing a fleet replacement fund. This action increased the authorized Fiscal Year 2015-16 Budget by approximately \$776,000 as a one-time expense in the General Fund, which impacts the year to year comparison.

	FISCAL YEAR 2015-2016		FISCAL YEAR 2016-2017		
	Actual Fiscal Year	4th Qtr Actual	Amended Budget Fiscal Year	4th Qtr Estimate (Pre-Audit)	% of Budget For Period
General Government	\$3,194,542	\$3,194,542	\$3,123,985	\$2,820,779	90.3%
Police	5,535,529	5,535,529	6,416,330	6,034,353	94.0%
Engineering / Building / Planning	1,381,129	1,381,129	1,407,000	1,475,728	104.9%
Public Works Maintenance	1,970,819	1,970,819	1,743,530	1,553,596	89.1%
Recreation Services	864,463	864,463	972,740	954,005	98.1%
Facility Maintenance	463,531	463,531	601,210	483,773	80.5%
<b>TOTAL</b>	<b>\$13,410,013</b>	<b>\$13,410,013</b>	<b>\$14,264,795</b>	<b>\$13,322,235</b>	<b>93.4%</b>

- Expenditures overall in Fiscal Year 2017-18 were 6.6 percent below the authorized budget.
- All except one of the Program Areas used as part of the quarterly reporting were below the budget.
- In the Audited Financial Statements a single category of Public Works is presented combining the reporting of Engineering/Building / Planning; Public Works Maintenance; and Facility Maintenance. If this report format was used above there would not be any Program Area over budget.
- The overage that occurred was largely contract expense associated with development applications and was offset by additional revenue from permits and plan checking which exceeded the budget estimates.
- General Government expenditures were approximately \$378,000 less in Fiscal Year 2016-17 compared to Fiscal Year 2015-16. This reflects a difference in how OPEB / Retiree Medical expenses were recorded. In FY 2015-16 the full amount was recorded in General Government. In the current year expenses are allocated to all operating departments.
- General Government budgetary savings in the current year were primarily due to lower than budgeted insurance expenses, and legal expenses.
- Police expenditures increased by approximately \$381,000 less than the Budget. This was primarily due to lower than expected salary and benefits due to turnover/vacancies and lower than budgeted use of the overtime contingency.

- Public Works Maintenance was approximately \$190,000 below the budget. This was due to increase use of Gas Tax monies for street repair, lower sewer expenses than budgeted, and contract maintenance expenditures that were less than the budget.
- The year to year comparison of Public Works Maintenance costs is also skewed by one-time charges. A one –time expense of approximately \$310,000 occurred in Fiscal Year 2015-16 for the establishment of a Fleet Replacement Fund.
- Recreation Program expenses were approximately \$19,000 below the budget or 1.9%. No single line item contributed to the savings.
- Facility Maintenance expenditures were approximately \$117,000 below the budget. The budgetary savings varied by facility. The largest contributing factors were utility savings, and lower than expected one-time facility repair needs.

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

	FISCAL YEAR 2015-2016			FISCAL YEAR 2016-2017		
	Actual Fiscal Year	4th Qtr Actual		Amended Budget Fiscal Year	4th Qtr Estimate (Pre-Audit)	% of Budget For Period
Salaries & Benefits	\$7,131,857	\$7,131,857		\$8,410,550	\$8,025,659	95.4%
Operating Services & Supplies	2,272,106	2,272,106		1,700,895	1,423,143	83.7%
Contractual / Professional Services	2,207,236	2,207,236		2,372,350	2,332,273	98.3%
Infrastructure Maint Contract Svcs	281,416	281,416		296,000	203,361	68.7%
Sewer Services	940,029	940,029		890,000	816,630	91.8%
Insurance (Liability/Property/WC)	577,369	577,369		595,000	521,169	87.6%
<b>TOTAL</b>	<b>\$13,410,013</b>	<b>\$13,410,013</b>		<b>\$14,264,795</b>	<b>\$13,322,235</b>	<b>93.4%</b>
OTHER USES / (TRANSFERS IN)	9,833,630	9,833,630		\$5,853,170	\$5,848,997	
<b>EXPENDITURES &amp; TRANSFERS</b>	<b>\$23,243,643</b>	<b>\$23,243,643</b>		<b>\$20,117,965</b>	<b>\$19,171,232</b>	

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

- As shown in the previous table salaries and benefits are the most significant portion of General Fund expenditures. The difference in spending from FY 2015-16 to Fiscal Year 2016-17 shows an increase of approximately \$894,000. Factors which contributed to this include increased salaries including retroactive salary adjustments negotiated in Fiscal Year 2016-17 and increased benefit costs including pension rate increases.
- The Operating Supplies compared to the prior year are substantially less due to the establishment of the Fleet Replacement Fund in Fiscal Year 2015-16. The \$776,000 in charges made to individual departments are included in this category.
- Contract services include a variety of professional as well as service contracts associated with providing Town services. The expenditures have been relatively consistent over the last two years.
- Sewer Service costs went down based on contract charges for wastewater treatment.
- Insurance and related claims costs were less in Fiscal Year 2016-17 than the prior year.

## HIGH LEVEL SUMMARY – ALL FUNDS

The Table below provides a summary of “All Funds” for the four quarters ending June 30, 2017. This report highlights in summary fashion key indicators of the Town Financial performance. As mentioned earlier the General Fund is the most significant to the operations of the Town, however, it is also appropriate to consider the other sources of funding. As shown the balance held in Capital Project Funds is approximately \$15.3 million and includes additional funds transferred for the Town Hall Project. A total of \$1.7 million remains in Trust Funds as funding for retiree liabilities.

<b>TOWN OF COLMA QUARTERLY REPORT OF ALL FUNDS</b>					
<b>(PRELIMINARY BALANCE AND ACTIVITY - CASH BASIS)</b>					
<b>QUARTER 4 - FISCAL YEAR 2016-2017</b>					
		<b>PRE-AUDIT Fiscal Year To Date (July - June 2017)</b>			
<b>FUND TYPE / NAME</b>	<b>BEGINNING FUND BALANCE 7/1/16</b>	<b>YTD REVENUE</b>	<b>TRANSFERS IN / (OUT)</b>	<b>YTD EXPENDITURES</b>	<b>YTD BALANCE</b>
<b>General</b>					
11-General Fund	\$22,594,248	\$18,097,382	(\$5,848,997)	(\$13,322,235)	\$21,520,399
<b>Sub-Total</b>	<b>22,594,248</b>	<b>18,097,382</b>	<b>(5,848,997)</b>	<b>(13,322,235)</b>	<b>21,520,399</b>
<b>Special Revenue</b>					
21-State Gas Tax Fund	28,012	35,136		(63,248)	(100)
22- Measure A Transportation	58,439	52,705			111,144
27-Public Safety Grants	0	30,195			30,195
29- Police Grants / (COPS)	120,658	134,568		(106,896)	148,330
<b>Sub-Total</b>	<b>207,109</b>	<b>252,604</b>	<b>0</b>	<b>(170,144)</b>	<b>289,569</b>
<b>Capital Project Funds</b>					
31- General CIP	8,772,940	332,868	5,550,000	(1,081,229)	13,574,579
33- Town Hall CIP Financed \$	4,343,192	23,734		(2,637,356)	1,729,570
<b>Sub-Total</b>	<b>13,116,132</b>	<b>356,602</b>	<b>5,550,000</b>	<b>(3,718,585)</b>	<b>15,304,149</b>
<b>Debt Service Funds</b>					
43- COP Debt Service	62	55	298,997	(299,069)	45
<b>Sub-Total</b>	<b>62</b>	<b>55</b>	<b>298,997</b>	<b>(299,069)</b>	<b>45</b>
<b>Internal Service Funds</b>					
61-Fleet Replacement	776,421	7,703	0	(30,964)	753,160
<b>Sub-Total</b>	<b>776,421</b>	<b>7,703</b>	<b>0</b>	<b>(30,964)</b>	<b>753,160</b>
<b>Trust Funds*</b>					
71-OPEB-Retiree Medical	1,094,504	1,189,053	0	(596,624)	1,686,932
72-Retirement (PARS)	18,914	1,198	0	(48)	20,064
<b>Sub-Total</b>	<b>1,113,418</b>	<b>1,190,251</b>	<b>0</b>	<b>(596,673)</b>	<b>1,706,996</b>
<b>GRAND TOTAL</b>	<b>\$37,807,390</b>	<b>\$19,904,597</b>	<b>\$0</b>	<b>(\$18,137,669)</b>	<b>\$39,574,318</b>

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

## ADDITIONAL DETAILS AND INFORMATION

This format is prepared by the Finance Department to highlight in summary fashion key indicators of the Town Financial performance. Additional details are available on the Town website [www.colma.ca.gov](http://www.colma.ca.gov).