



**AGENDA
REGULAR MEETING**

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

**Wednesday, February 28, 2018
7:00 PM**

PLEDGE OF ALLEGIANCE AND ROLL CALL

ADOPTION OF AGENDA

PRESENTATION

- Introduction of New Recreation Coordinator Angelika Abellana

PUBLIC COMMENTS

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

CONSENT CALENDAR

1. Motion to Accept the Minutes from the February 14, 2018 Regular Meeting.

NEW BUSINESS

2. **ACCEPT AUDITOR REPORTS FOR FY 2016-17**

Consider: Motion to Adopt a Resolution Accepting Auditor's Reports and Financial Statements for the Fiscal Year Ending June 30, 2017.

3. **ADDITIONS AND AMENDMENTS TO THE COLMA PARKING CODE**

Consider: Motion to Adopt a Resolution Amending the Colma Parking Code Relating to the Stopping, Standing or Parking of Vehicles in Various Locations within the Town of Colma.

4. **TRANSIENT OCCUPANCY TAX (TOT) BALLOT MEASURE**

- a. *Consider:* Motion to Adopt a Resolution Calling for the Placement of a General Tax Measure to be Held at the November 6, 2018 General Municipal Election for the Submission to the Qualified Voters of a Proposed Ordinance Enacting a _____ Percent (___%) Transient Occupancy Tax on Hotel Occupancies within the Town of Colma Until Ended by Voters, and Directing the City Attorney to Prepare an Impartial Analysis.
- b. *Consider:* Motion to Adopt a Resolution Requesting the Board of Supervisors of San Mateo County to Consolidate a General Municipal Election to be Held on November 6, 2018 with _____

the Statewide General Election to be Held on the Same Date Pursuant to Section 10403 of the Elections Code.

- c. *Consider:* Motion to Adopt a Resolution Providing for the Filing of Primary and Rebuttal Arguments and Setting Rules for the Filing of Written Arguments Regarding a Town Measure to be Submitted to the Qualified Voters at the November 6, 2018 General Municipal Election.

STUDY SESSION

5. SHORT TERM RENTALS

This item is for discussion only; no action will be taken at this meeting.

REPORTS

Mayor/City Council

City Manager

ADJOURNMENT

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

Reasonable Accommodation

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**MINUTES
SPECIAL MEETING**

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

Wednesday, February 14, 2018

5:30 p.m.

CALL TO ORDER

Mayor Raquel Gonzalez called the Special Meeting of the City Council to order at 5:44 p.m.

Council Present – Mayor Raquel “Rae” Gonzalez, Vice Mayor Joanne F. del Rosario, Council Members John Irish Goodwin, Diana Colvin and Helen Fisicaro were present.

Staff Present – City Manager Brian Dossey, City Attorney Christopher Diaz, Police Chief Kirk Stratton, Director of Public Works Brad Donohue, City Planner Michael Laughlin and Administrative Technician Darcy De Leon were in attendance.

ADOPTION OF THE AGENDA

Mayor Gonzalez asked if there were any changes to the agenda. None were requested. The Mayor asked for a motion to adopt the agenda.

Action: Council Member Fisicaro moved to adopt the agenda; the motion was seconded by Vice Mayor del Rosario and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fisicaro	✓				
	5	0			

PUBLIC COMMENTS

Mayor Gonzalez opened the public comment period at 5:45 p.m. Council Member Fisicaro made an announcement for an upcoming event. Mayor closed the public comment period at 5:47 p.m.

CONSENT CALENDAR

1. Motion to Accept the Minutes from the January 24, 2018 Regular Meeting.
2. Motion to Approve Report of Checks Paid for January 2018.
3. Motion to Reject All Bids for the Access Control System Project Bid Submitted on January 23, 2018 and Authorize Staff to Rebid the Project per Public Contract Code Sections 22037 and 22038.
4. Motion to Adopt a Resolution Waiving Any Irregularities in the Bid of and Awarding a Construction Contract to and Directing the City Manager to Execute the Construction Contract with RDI for the Town Hall Addition and Renovation Project, Phase V, Furniture, Fixtures & Equipment

Action: Vice Mayor del Rosario moved to approve the Consent Calendar items #1 through 4; the motion was seconded by Council Member Fiscaro and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fiscaro	✓				
	5	0			

NEW BUSINESS

5. **STATUS UPDATE TO 2017-19 STRATEGIC PLAN**

City Manager Brian Dossey presented the staff report. Council asked questions during presentation.

There was a short break from 7:37 p.m. to 7:44 p.m.

Action: Council Member Fiscaro moved to Accept Update to 2017-19 Town of Colma Strategic Plan; the motion was seconded by Council Member Goodwin and carried by the following vote:

Name	Voting		Present, Not Voting		Absent
	Aye	No	Abstain	Not Participating	
Raquel Gonzalez, Mayor	✓				
Joanne F. del Rosario	✓				
John Irish Goodwin	✓				
Diana Colvin	✓				
Helen Fiscaro	✓				
	5	0			

COUNCIL CALENDARING

The next Regular City Council Meeting will be on February 28, 2018 at 7:00 p.m.

REPORTS

Mayor Raquel Gonzalez attended Council of Cities, hosted by San Mateo County on January 26, 2018

ADJOURNMENT

Mayor Gonzalez adjourned the meeting at 9:36 p.m. in memory of Ed Harper, longtime resident, very active in the community.

Respectfully submitted,

Darcy De Leon



STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Brian Dossey, City Manager
 Brian Moura, Contract Finance Director
 MEETING DATE: February 28, 2017
 SUBJECT: Accept Auditor Reports for FY 2016-17

RECOMMENDATION

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

RESOLUTION ACCEPTING AUDITOR'S REPORTS AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2017

EXECUTIVE SUMMARY

In accordance with prudent financial management, the Town retains an independent auditor to prepare the Town's annual financial statements. As with previous years, the firm R.J. Ricciardi, Certified Public Accountants, has audited the Town's financial records and has prepared the attached Basic Financial Statements for fiscal year 2016-17. The Auditor found that:

1. The Financial Statements present in a fair and accurate manner the financial position of the government activities of the Town. Each major fund, and the remaining fund balances as of June 30, 2017.
2. The Auditor has issued a separate compliance report regarding the receipt and use of Measure A Transportation funds.
3. The Auditor reviewed the Appropriations Limit (Gann Limit) calculation and issued a report which had found no exceptions in the calculations.

FISCAL IMPACT

None.

BACKGROUND

The Town retained the services of R.J. Ricciardi, CPA, to conduct an independent audit of the Town's financial statement for fiscal year ending June 30, 2017. The 2016-17 Basic Financial Statements, Management Report, 2016-17 Measure A Fund Component Unit Financial

Statements, and Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet, are attached to this staff report.

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

ANALYSIS

The firm conducted the review in accordance with generally accepted auditing standards and found that the financial statements fairly present the Town's financial position. The Town has received a "clean" audit for FY 2016-17 with no adverse findings or recommendations. The Auditor's Opinion is found on pages 1-2 of Attachment B. This means the financial information is presented fairly and accurately based on the review by the Auditors.

Transmittal Letter

Included as part of the Financial Statements is a Transmittal Letter prepared by Staff. This can be found on pages iii-vii of the Report and it provides an overview of economic and budgetary factors that impact the Town. A more detailed review of the FY 2016-17 results is in the Management Discussion & Analysis (MDA) found on pages 3-10. A statistical Section is included on pages 47-65 which include multi-year comparisons for key financial data.

Reporting Major Funds

The General Fund, Capital Projects Fund and Town Hall Certificate of Participation (COP) funds are reported as Major Funds. (See description included in MD&A – page 8 and Pages 13-15 of the Financial Statements.

Town Hall Renovation Project Financing

On September 24, 2015, the Town completed a Certificates of Participation (COP) financing of \$5.3 Million to fund a portion of the Town Hall Renovation Project. The proceeds from this financing were placed in a separate fund. The net liability as of June 30, 2017 in this fund was \$5,010,000 (See Note 4E pages 29-30)

Retirement Liabilities

This is the third year of the requirement to incorporate additional information on retirement plan liabilities as required by Government Accounting Standards Board (GASB) statement No. 68. (See Note 5C on pages 31-37). As shown on page 29 the Net Pension Liability increased by \$1.7 Million from \$7.7 Million in the prior year to an ending balance of \$9.4 million as of June 30, 2017.

Management Report

As part of the Audit process the Auditors also review procedures and make recommendations on improvements as part of a Management Report (See Attachment C). The Auditors did not make any reportable findings with the current year work.

Measure A Transportation Funds

The Town receives \$50,000 per year in Measure A Transportation Funds from San Mateo County. The Measure A Program requires the Town to complete a separate audit of these funds (See Attachment D). In addition to Financial testing of transactions the Auditors do additional review to provide a reasonable assurance that the Town of Colma has complied with certain provisions of Measure A.

No Measure A expenditures were made by the Town in FY 2015-16 and FY 2016-17. The balance available in the Measure A Fund as of June 30, 2017 was \$111,144. The retained Measure A Funds plus the FY 2017-18 allocation, a total of \$160,000, will be used as part of the funding for the Mission Road Improvements project (Project 903) in the 2017-18 Capital Improvement Plan.

Appropriations Limit

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

VALUES

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

ALTERNATIVES

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

CONCLUSION

Staff recommends the City Council receive the presentation from the Town's auditor, then adopt a resolution accepting the Auditor's reports for Fiscal Year 2016-17.

ATTACHMENTS

- A. Resolution - Accepting Auditor Reports for FY 2016-17
- B. FY 2016-17 Basic Financial Statements
- C. FY 2016-17 Management Report
- D. FY 2016-17 Measure A Fund Component Unit Financial Statements
- E. Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet



**RESOLUTION NO. 2018-##
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION ACCEPTING AUDITOR'S REPORTS AND FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

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

1. Background

(a) R.J. Ricciardi, Certified Public Accountants (Auditor) undertook, pursuant to contract with the Town of Colma, to perform an independent audit of the Town's FY 2016-17 Financial Statements and the Town's FY 2016-17 Measure A Fund Component Unit Financial Statement; and Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet.

(b) Auditor reported that it has completed said audit and has found that the financial statements present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colma as of June 30, 2017, and the respective changes in the financial position for the year then ended. The Auditor further reported that all the financial statements were in conformity with U.S. generally accepted accounting principles.

(c) Auditor made no supplemental recommendations to the Town's financial procedures, and noted the recommendation from the prior year related to bank reconciliation was implemented by Town Staff.

(d) The Auditor reviewed the calculation of the Fiscal Year 2016-17 appropriations limit in the amount of \$40,596,875. No exceptions were identified in the calculations made by the Town.

2. Findings

The City Council finds that the balances as presented in the Financial Statements for the fiscal year ending June 30, 2017 are accepted and shall be reflected in the Town accounting records.

3. Report and Audited Statements Accepted

The report of the Auditor, the Town's FY 2016-17 Audited Financial Statement, and the Town's FY 2016-17 Audited Measure A Fund Component Unit Financial Statement, and the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet are hereby accepted. The City Manager shall take all necessary steps to file and distribute the reports as required by external agencies.

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Certification of Adoption

I certify that the foregoing Resolution No. 2018-## was duly adopted at a regular meeting of the City Council of the Town of Colma held on February 28, 2018, by the following vote:

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

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk

TOWN OF COLMA
COLMA, CALIFORNIA
BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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TOWN OF COLMA

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

January 11, 2018

City Council

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

Raquel P. Gonzalez
Mayor

Joanne F. del Rosario
Vice Mayor

John Irish Goodwin
Council Member

Diana Colvin
Council Member

Helen Fiscaro
Council Member

City Manager

Brian Dossey
City Manager

I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the Town of Colma (the Town) for the year ended June 30, 2017. 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.

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, 2017. 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 TOWN & TOWN GOVERNMENT

The Town of Colma, known worldwide as the "City of Souls," is the smallest city in San Mateo County with over 1,500 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, 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 2-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 establish the operating and planning policies. Colma has a modern infrastructure with a professional staff that is easily accessible to residents and local businesses. A monthly newsletter is distributed with timely information about the City Council Agenda, upcoming community events and special interest articles.

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

BUDGET PROCESS

The Town Council is required to adopt a final budget by no later than July 1st which is the beginning of the fiscal year. The annual budget serves as the foundation for the Town of Colma's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The Town's fiscal year starts on July 1st and ends on June 30th.

Staff prepares a Mid-Year Budget Review and presents it to the Council and the public at a regular City Council meeting. The Proposed Budget for the next fiscal year is prepared by Staff and presented to the City Council for review and discussion at public meetings in April and May. 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. After the public hearing, the Council adopts the budget, which establishes the appropriations for the upcoming fiscal year.

ECONOMIC OVERVIEW

Colma benefits from its location in a region where job growth has continued to outpace the national average with lower than average unemployment rates. For the Town's retail base to remain strong, positive employment factors support increased consumer purchases.

In a July 2017 Economic Update – “The Peninsula Economy”, published by Silicon Valley Institute for Regional Studies, the economic data showed four trends:

- Job growth has slowed after a remarkable surge from 2012 thru 2016
- Unemployment rates are the lowest since the dot com boom
- Growth in the labor force has stopped
- The housing shortage on the Peninsula remains with record prices and rents

The report notes that the Peninsula economy was adding nearly 100,000 jobs year over year through midyear 2015. By May 2017 the year over year gains had declined to 40,000 jobs. It suggests that job growth is slowing from a shortage of workers with appropriate skills. On the Peninsula this has become more acute given the high cost of housing.

The Town of Colma is the smallest municipality in San Mateo County with 1,509 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 ranks very high compared to most cities in San Mateo County. This reliance on sales taxes makes the Town vulnerable to changes in consumer spending and impacts when there is a downturn in the general economy, as well as competition from retail establishments relocating to other jurisdictions. Sales tax receipts also show a slow but continued growth of on-line sales and a slow but continued decline in consumer purchases from local businesses.

With auto sales representing a significant portion of the Sales Tax base trends in this sector are also expected to impact the Town’s Revenue. Projections prepared by HdL Companies in conjunction with Beacon Economics, project that new car sales peaked during 2015 and will decline over the next several quarters because consumers in the U.S. continue to purchase pricier SUV’s, crossovers and light trucks in lieu of less expensive passenger cars. Manufacturer’s incentives, reasonable gas prices, favorable interest rates and longer-term loans are cited as factors propping up the current sales numbers. Revenues in this category are expected to level out in 2018-19 as pent-up demand is satisfied and larger numbers of newer used cars hit the market.

HdL advises the Town on sales tax matters and monitors this important revenue source. In FY 2017-18 they forecast the auto sales sector to grow by 3.3%, while in FY 2018-19 this growth rate is expected to slow to a 1.4% gain.

The Town has challenges in its efforts to diversify its revenue base. Property Tax revenue represented only about 3.2 percent of Town General Fund revenue. 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. The Town will explore a Transient Occupancy (Hotel) Tax to diversify future revenues. A review of the Cost of Services during 2017-18 will give the Council an opportunity to update fees and reduce subsidies for services.

Overall national economic forecasts expect slight growth in the 2% range (U.S. Real GDP growth of 2.4% in 2017-18 and 2.2% in 2018-19), which will support continued consumer spending. However, the rate of growth is lower than in the past 5 years.

GENERAL FUND BALANCE

The City Council's approved Reserve Policy complies with Governmental Accounting Standards Board (GASB) Statement 54 which established five categories of reserves. 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 \$21,547,836. Fund Balance is comprised of three components in accordance with the Town's reserve policy highlighted above: a Committed portion of \$14,287,000; an Assigned portion of \$950,000; and an Unassigned portion (available for spending at the City Council's discretion) of \$6,310,836.

MAJOR INITIATIVES DURING THE YEAR

The following section provides information related to the progress achieved on key initiatives during Fiscal Year 2016-2017.

Adoption of 2017 – 2019 Strategic Plan

In October of 2016, the City Council and Staff met for their annual workshop to update the Strategic Plan. During the meeting staff presented updates to the accomplishments in 2014-2016 Strategic Plan, and carried over any outstanding items to the 2017-2019 Strategic Plan. Council and Staff also worked together identifying programs for the 2017-2019 Strategic Plan.

The 2017-2019 Strategic Plan is broken into five program goals and have priority programs to support the goals. For example; one goal is to implement programs that support Economic Development. To diversify the town's revenue sources, the Town staff is currently working with Council to develop a transient occupancy (hotel) tax for a potential Ballot Measure in November 2018. Staff and Council are planning a workshop in February 2018 to provide a program update to the 2017- 2019 Strategic Plan and possibly identify new programs that support the Town's goals.

Completed Employee Negotiations

In January 2017, City Council approved memorandum of understandings between the Town and Colma and the Colma Peace Officers Association and the Colma Police Communications/Records Association for the period of January 1, 2016 – June 30, 2019. The City Council also approved a cost of living salary increase for certain unrepresented employees and modified the Town's salary schedule. The increase to the Town's salaries and benefits is estimated to cost \$570,000 over the life of the MOU's. This amount has been calculated into the Town's long term financial forecast and can be accommodated.

Development and Implementation of New Town Website

In the early part of 2017 staff contracted with Proud City, a web hosting company, to improve the Town's website and online services. The main purpose of this project was to allow forms to be completed and submitted online; provide better analytics; and greater searching ability. Since the launch of the new website in May 2017, staff has witnessed an increase of online traffic to the site. The Town now receives many forms such as, job applications, public records requests, guest parking permits etc., through the site improving services to the community.

Capital Projects

The Town has under construction a Town Hall remodel project. The project will retain elements of the historic Town Hall building and add new modern facilities to serve the Town's residents. The remodeled Town Hall will be an accessible building and once completed will consolidate public services at 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 2016-17 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,



Brian Dossey
City Manager

Town of Colma
List of Elected Officials, Appointed Officials & Contract Service Providers
as of June 30, 2017

Elected City Officials

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

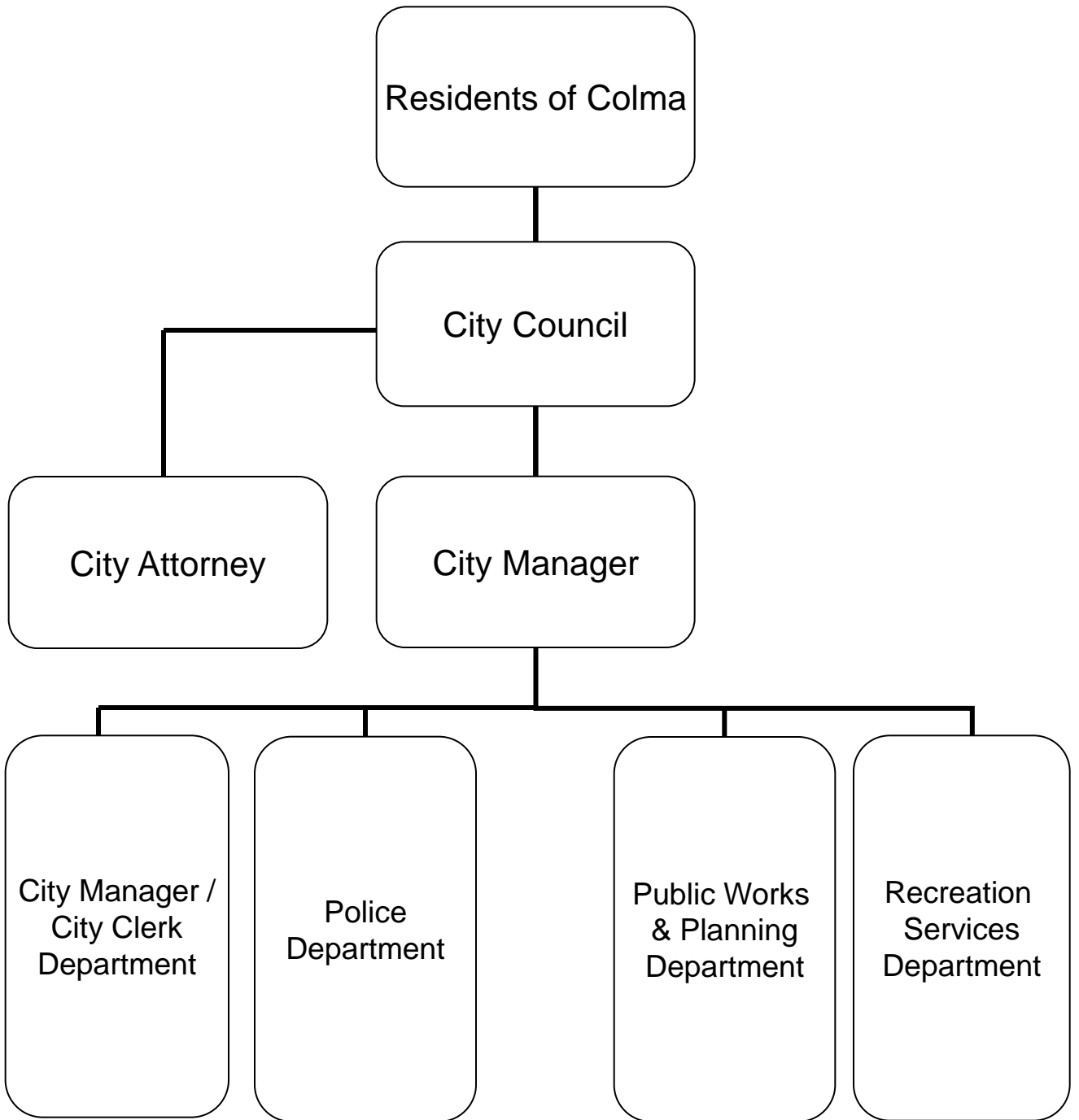
Appointed City Officials

City Manager	Sean Rabé
Chief of Police	Kirk Stratton
Administrative Services Director	Brian Dossey
Human Resources Manager	Lori Burns

City Services Provided Under Contract

Building Official (Contractor from CSG)	Michael Cully
City Attorney (Contractor from Best Best & Krieger)	Christopher Diaz
City Planner (Contractor from CSG)	Michael Laughlin
Public Works Director (Contractor from CSG)	Brad Donohue

Town of Colma



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, 2017, 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, 2017, 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, Local Government's Proportionate Share of Net Pension Liability, and Schedules of Contributions (page 40-44) 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
February 14, 2018

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. Please read this document in conjunction with the accompanying basic financial statements.

FISCAL YEAR 2017 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2017 include the following:

Entity-wide:

- The Town's total net position was \$68,259,955 as of June 30, 2017.
- Entity-wide Governmental revenues include program revenues of \$1,754,102 and general revenues of \$16,786,041 for a total of \$18,540,143.
- Entity-wide Governmental expenses were \$14,756,656.

Fund Level:

- Governmental Fund balances decreased \$1,046,412 in fiscal year 2017.
- Governmental Fund revenues increased \$733,695 in fiscal year 2017.
- Governmental Fund expenditures increased \$2,057,184 in fiscal year 2017.

General Fund:

- General Fund revenues were \$405,631 higher than the prior year.
- General Fund expenditures represented a decrease of \$86,989 from the prior year.
- General Fund's fund balance of \$21,547,836 as of June 30, 2017, was less than fiscal year 2016's ending fund balance of \$22,594,248. Contributing to the decrease in the General Fund were authorized transfers to the Capital Project Fund.

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, 2017

The Statement of Activities provides information about all of the Town's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the Town's programs. The Statement of Activities explains in detail the change in Net Position for the year.

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 further in the following section 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

These statements provide additional detail for the Town's most significant Funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The funds used by the Town can be divided into two categories: Governmental funds and Proprietary funds.

Governmental funds: Governmental funds are used to account for the same functions reported as governmental activities on the Government-wide financial statements. However, this reporting has a focus on the near-term inflows and outflows of spendable resources, as well as the ending balances. The Town has a total of seven governmental funds.

The Fund Financial Statements provide detailed information about each of the Town's most significant funds, called 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 accordance with government finance reporting standards, the General Fund is always reported as a Major Fund. Based on these standards the General Capital Fund and Town Hall COP Project Fund are also Major Funds for the year ended June 30, 2017. 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 (Measure A Transportation Tax Fund; State Gas Tax Fund; Law Enforcement Grant Fund; Debt Service Fund).

Proprietary fund: The Town maintains one type of Proprietary fund. An Internal Services Fund (ISF) is an accounting structure used to accumulate and allocate costs internally among the Town's various operating functions. In this case it is used to build up reserves for future replacement of vehicles and fleet equipment. These services solely benefit the government function. A separate Statement of Net Position and Statement of Cash Flow is included for the ISF.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017

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.

Governmental Activities

Table 1
Governmental Net Position at June 30, 2017
 Governmental Activities

	2017	2016
Current and other assets	\$ 38,857,263	\$ 37,506,125
Capital assets, net of accumulated depreciation	48,736,758	46,657,014
Total assets	87,594,021	84,163,139
Deferred outflows	3,588,760	1,980,080
Current liabilities	1,097,238	922,155
Long-term liabilities	21,266,729	19,964,426
Total liabilities	22,363,967	20,886,581
Deferred inflows	558,859	949,374
Net position:		
Invested in capital assets, net of debt	43,726,758	46,657,014
Unrestricted	24,533,197	17,650,250
Total net position	\$ 68,259,955	\$ 64,307,264

The Town's governmental net position amounted to \$68,259,955 as of June 30, 2017, an increase of \$3,952,691 from 2016. This increase is the Change in Net Position reflected in the Governmental Activities column of the Statement of Activities shown in Table 2.

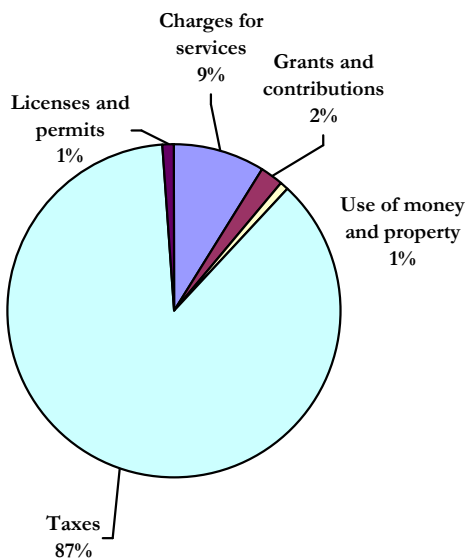
The Town's net position as of June 30, 2017 comprised the following:

- Cash and investments of \$36,628,048 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 \$2,229,215 as explained in Note 4B to the financial statements.
- Capital assets of \$48,736,758, net of depreciation charges, which includes all the Town's capital assets used in governmental activities as discussed in Note 4C.

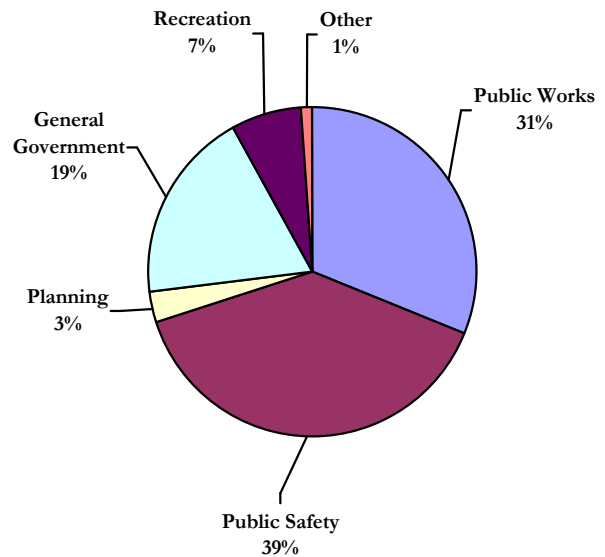
Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017

- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$1,097,238.
- Long-term liabilities payable of \$21,266,729, as explained in Note 4E to the financial statements. The increase in long-term liabilities is due to the increase in the net pension liability.
- Net position invested in capital assets, net of related debt, of \$43,726,758, 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 \$24,533,197 of unrestricted net position as of June 30, 2017.

Sources of Revenues



Functional Expenses



As the Sources of Revenues Chart shows, \$16,295,452, or 87%, of the Town's fiscal year 2017 governmental activities revenue came from taxes, while \$325,979, or 2%, came from grants and contributions, \$247,803, or 1%, came from use of money and property, \$1,597,327, or 9%, came from charges for services, \$242,786, or 1%, came from licenses and permits.

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 \$2,821,469, or 19%, of total government expenses, planning is \$470,802, or 3%, public works is \$4,519,003, or 31%, public safety is \$5,693,256, or 39%, recreation is \$1,066,457, or 7%, with other expenses comprising the final 1%.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017

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

	2017	2016
<u>Expenses</u>		
General government	\$ 2,821,469	\$ 3,187,043
Planning	470,802	512,090
Public works	4,519,003	4,216,784
Public safety	5,693,256	7,027,124
Recreation	1,066,457	968,178
Interest	185,669	114,087
Total expenses	14,756,656	16,025,306
<u>Revenues</u>		
Program revenues:		
Charges for services	1,597,327	1,374,229
Capital grants and contributions	325,979	282,497
Total program revenues	1,923,306	1,656,726
General revenues:		
Taxes	16,295,452	15,623,338
Use of money and property	247,803	473,432
Licenses and permits	242,786	174,653
Total general revenues	16,786,041	16,271,423
Total revenues	18,709,347	17,928,149
Change in net position	\$ 3,952,691	\$ 1,902,843

As the Sources of Revenue Chart and Table 2 above show, \$1,923,306, or 11%, of the Town's fiscal year 2017 governmental revenue, came from program revenues and \$16,786,041, or 89%, came from general revenues such as taxes, interest and miscellaneous receipts.

Program revenues were composed of charges for services of \$1,597,327, which include sewer service fees, permit revenues, fees and charges used to fund expenses incurred in providing services; and grants and contributions of \$325,979, which consists 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

At June 30, 2017, the Town's governmental funds reported combined ending balances of \$37.1 million, an increase of \$1,199,312.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017

General Fund revenues increased \$405,631 this fiscal year mainly due to an increase in the revenue generated from sales tax and cardroom taxes as well as a small increase in charges for services.

Overall, General Fund expenditures decreased \$86,989 from the prior year. Primary contributing factors included lower than budgeted expenses as departments experienced staff vacancies and contract service levels that were less than budgeted.

As of June 30, 2017, the General Fund's fund balance totaled \$21,547,836. The unassigned portion of fund balance is \$6,310,836 and represents available liquid resources.

Town Capital Project Fund

In the prior year this fund was not presented as a Major Fund and was consolidated in the "Other Governmental Fund" information. As of June 30, 2017, the Fund had a balance of \$13.6 million. During the year, \$1,080,540 in expenditures were accounted for in the fund. The fund received transfers from the General Fund totaling \$5.5 million.

Town Hall COP Project Fund

In September 2015, the Town completed a financing for a portion of the Town Hall Remodel project. The proceeds from this financing were placed in the separate fund. During the year total expenses were \$2,637,356 and the balance available at June 30, 2017 was \$1,729,570.

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 2017, 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 2017 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

	Balance at June 30, 2017
<u>Governmental Activities</u>	
Land	\$ 7,595,471
Construction in progress	5,439,550
Infrastructure-street systems	26,525,709
Buildings	19,507,125
Improvements other than buildings	3,478,524
Machinery and equipment	2,458,828
Less: accumulated depreciation	(16,268,449)
Governmental activity capital assets, net	\$ 48,736,758

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

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017

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 certificates of participation (COP) in fiscal year 2017 in the amount of \$5,300,000. Additional information about the Town's long term obligations can be found in Note 4E to the basic financial statements.

As of June 30, 2017, the Town's debt issues comprised:

Table 4
Outstanding Debt

	June 30, 2017
<u>Governmental Activity Debt:</u>	
Certificates of Participation	\$ 5,010,000
Net Other Post-Employment Benefit Obligation	5,796,067
Net Pension Liability	9,449,072
Compensated absences	1,121,590
Total	\$ 21,376,729

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Colma is the smallest municipality in San Mateo County with 1,509 residents. The two most significant sources of annual revenue are retail sales tax and cardroom taxes. These two sources of revenue accounted for approximately 79% of the total revenue in government funds in the year ending June 30, 2017.

While this reliance on sales taxes makes the 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 2017-18 Adopted Budget assumes sales tax revenues are \$11,191,458 – or a 3.1% increase over the prior year's actual revenues of \$10,851,070. In Colma, a significant portion of the sales tax is related to automobile sales. Increases in sales of new cars peaked in 2015 and are expected slow in the next two years (3.3% growth in 2017-18 and 1.4% growth in 2018-19), resulting in slower growth in sales tax revenue for the Town.

Cardroom taxes have continued to grow with revenue in FY 2016-17 increasing by 5.9% over the previous Fiscal Year to \$4,278,510

The Operating Budget for FY 2017-18 provides \$15,030,300 in funding to operating departments – an increase of almost \$570,000 from the FY 2016-17 amended budget of \$14,460,085. The increase is partially due to the following:

- Employee salary and benefit increases in newly completed agreements.
- Expected full year funding of positions which may have been vacant in the previous year.
- Medical benefit cost increases.
- Public Employee Retirement System (PERS) increases.
- Contributing the annual Actuarial Required Contribution (ARC) to a benefits trust which funds retiree medical benefits.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

These increases were partially offset by decreases on other accounts throughout the budget. Also beyond the Operating Department Budgets, in the 2017-18 Budget the Town will transfer \$888,840 in resources from the General Fund 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, 2017

ASSETS

Current assets:

Cash and investments	\$	36,628,048
Receivables:		
Taxes		1,680,080
Accounts		487,668
Accrued interest		61,467
Total current assets		38,857,263

Noncurrent assets:

Capital assets:

Non-depreciable		13,035,021
Depreciable, net of accumulated depreciation		35,701,737
Total noncurrent assets		48,736,758

Total assets		87,594,021
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DEFERRED OUTFLOWS

Deferred outflows related to pensions		3,588,760
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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses		562,231
Deposits		283,225
Compensated absences		141,782
Certificates of participation due in one year		110,000
Total current liabilities		1,097,238

Noncurrent liabilities due in more than one year:

Compensated absences		1,121,590
Certificates of participation		4,900,000
Net pension liability		9,449,072
Net other post-employment benefit obligation		5,796,067
Total noncurrent liabilities		21,266,729

Total liabilities		22,363,967
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DEFERRED INFLOWS

Deferred Inflows related to pensions		558,859
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NET POSITION

Invested in capital assets, net of related debt		43,726,758
Unrestricted		24,533,197
Total net position		\$ 68,259,955

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

Town of Colma
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Town Governmental Activities	Total Town Governmental Activities
<u>Town Government</u>					
Governmental Activities:					
General government	\$ 2,821,469	\$ -	\$ -	\$ -	\$ (2,821,469)
Public safety	5,693,256	250,905	156,775	-	(5,285,576)
Public works	4,519,003	290,067	-	169,204	(4,059,732)
Recreation	1,066,457	580,133	-	-	(486,324)
Planning	470,802	476,222	-	-	5,420
Interest on long-term debt	185,669	-	-	-	(185,669)
	14,756,656	1,597,327	156,775	169,204	(12,833,350)
Total Governmental Activities					
Total Town Government	<u>\$ 14,756,656</u>	<u>\$ 1,597,327</u>	<u>\$ 156,775</u>	<u>\$ 169,204</u>	<u>(12,833,350)</u>
General revenues:					
Taxes:					
Property taxes					578,560
Sales taxes					11,202,349
Cardroom taxes					4,290,660
Other taxes					223,883
Use of money and property					247,803
Other revenues					242,786
					16,786,041
Total general revenues and special items					
Change in net position					3,952,691
Net position beginning of period					64,307,264
Net position ending of period					<u>\$ 68,259,955</u>

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

Town of Colma
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017

	General Fund	Town Capital Projects Fund	Town Hall COP Project	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 20,094,365	\$ 13,615,694	\$ 1,899,906	\$ 264,923	\$ 35,874,888
Taxes receivable	1,676,600	-	-	3,480	1,680,080
Accounts receivable	487,059	609	-	-	487,668
Accrued interest receivable	61,467	-	-	-	61,467
Total Assets	\$ 22,319,491	\$ 13,616,303	\$ 1,899,906	\$ 268,403	\$ 38,104,103
<u>LIABILITIES</u>					
Accounts payable	\$ 340,382	\$ 36,365	\$ 170,336	\$ 8,882	\$ 555,965
Accrued expenditures	6,266	-	-	-	6,266
Compensated absences	141,782	-	-	-	141,782
Deposits	283,225	-	-	-	283,225
Total Liabilities	771,655	36,365	170,336	8,882	987,238
<u>FUND BALANCES</u>					
Committed	14,287,000	-	1,729,570	-	16,016,570
Unassigned	6,310,836	-	-	-	6,310,836
Assigned	950,000	13,579,938	-	259,521	14,789,459
Total Fund Balances	21,547,836	13,579,938	1,729,570	259,521	37,116,865
Total Liabilities and Fund Balances	\$ 22,319,491	\$ 13,616,303	\$ 1,899,906	\$ 268,403	\$ 38,104,103
Total Governmental Fund Balances					\$ 37,116,865
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.					48,736,758
The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.					753,160
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.					(18,346,828)
Net position of Governmental Activities					\$ 68,259,955

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, 2017

	General Fund	Town Capital Projects Fund	Town Hall COP Project	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>					
Property taxes	\$ 578,560	\$ -	\$ -	\$ -	\$ 578,560
Sales taxes	11,202,349	-	-	-	11,202,349
Cardroom taxes	4,290,660	-	-	-	4,290,660
Other taxes	136,895	-	-	-	136,895
Licenses and permits	372,321	-	-	-	372,321
Fines and forfeits	64,740	-	-	-	64,740
Intergovernmental	23,230	169,204	-	220,533	412,967
Use of money and property	222,137	-	23,734	1,932	247,803
Other revenues	74,453	168,333	-	-	242,786
Charges for services	1,160,266	-	-	-	1,160,266
Total revenues	<u>18,125,611</u>	<u>337,537</u>	<u>23,734</u>	<u>222,465</u>	<u>18,709,347</u>
<u>EXPENDITURES</u>					
Current:					
General government	2,821,469	-	-	-	2,821,469
Public safety	6,173,255	-	-	106,896	6,280,151
Public works	2,791,043	1,080,540	2,637,356	66,548	6,575,487
Recreation	1,066,457	-	-	-	1,066,457
Planning	470,802	-	-	-	470,802
Debt service:					
Principal	-	-	-	110,000	110,000
Interest	-	-	-	185,669	185,669
Total expenditures	<u>13,323,026</u>	<u>1,080,540</u>	<u>2,637,356</u>	<u>469,113</u>	<u>17,510,035</u>
Excess (deficiency) of revenues over expenditures	<u>4,802,585</u>	<u>(743,003)</u>	<u>(2,613,622)</u>	<u>(246,648)</u>	<u>1,199,312</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	5,550,000	-	298,997	5,848,997
Transfers out	<u>(5,848,997)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,848,997)</u>
Total other financing sources (uses)	<u>(5,848,997)</u>	<u>5,550,000</u>	<u>-</u>	<u>298,997</u>	<u>-</u>
Net change in fund balances	(1,046,412)	4,806,997	(2,613,622)	52,349	1,199,312
Fund balances, beginning of period	<u>22,594,248</u>	<u>8,772,941</u>	<u>4,343,192</u>	<u>207,172</u>	<u>35,917,553</u>
Fund balances, end of period	<u>\$ 21,547,836</u>	<u>\$ 13,579,938</u>	<u>\$ 1,729,570</u>	<u>\$ 259,521</u>	<u>\$ 37,116,865</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, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ 1,199,312
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>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 (\$1,253,687) exceeds capital outlays \$3,333,432 in the current period.</p>	2,079,745
<p>Internal service funds are closed by charging additional amounts or reducing charges to participating governmental activities to completely cover the internal service funds costs for each year</p>	(23,261)
<p>Accrual of Non-Current Items</p> <p>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.</p>	
Compensated Absences	(129,304)
Certificates of participation	110,000
Pension expense	297,087
Net other post-employment benefit obligation	<u>419,112</u>
Net difference	<u>2,753,379</u>
Change in Net Position of Governmental Activities	<u>\$ 3,952,691</u>

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

Town of Colma
 PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 June 30, 2017

	Enterprise Funds
	Governmental Activities Internal Service Fund
<u>ASSETS</u>	
Current assets:	
Cash and investments	\$ 753,160
Total current assets	753,160
 <u>NET POSITION</u>	
Unrestricted	753,160
Total net position	\$ 753,160

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

Town of Colma
 PROPRIETARY FUNDS
STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND NET POSITION
 For the year ended June 30, 2017

	Enterprise Funds
	Governmental Activities Internal Service Fund
	Fund
Operating revenues:	
Charges for services	\$ -
Total operating revenues	-
Operating expenses:	
Materials, supplies, rent and services	30,964
Total operating expenses	30,964
Operating income (loss)	(30,964)
Non-operating revenues (expenses):	
Interest and other income	7,703
Total non-operating revenues (expenses)	7,703
Change in net position	(23,261)
Net position, beginning of period	776,421
Net position, end of period	\$ 753,160

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

Town of Colma
 PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
 For the year ended June 30, 2017

	Enterprise Funds
	Governmental Activities Internal Service Fund
	Fund
Cash flows from operating activities:	
Receipts from other funds for services	\$ -
Payments to suppliers	(30,964)
Net cash provided (used) by operating activities	(30,964)
 Cash flows from investing activities:	
Interest and other income	7,703
Net cash provided by investing activities	7,703
 Net increase (decrease) in cash and cash equivalents	(23,261)
Cash and cash equivalents - beginning of period	776,421
 Cash and cash equivalents - end of period	\$ 753,160
 Reconciliation of operating income (loss) to net cash provided (used in) operating activities:	
Operating income (loss)	\$ (30,964)
 Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
None	-
 Changes in certain assets and liabilities:	
None	-
 Net cash provided by (used for) operating activities	\$ (30,964)

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

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 Town 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 activities) 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 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, 2017

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. 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.

Additionally the Town reports the following fund type:

The Internal Service Fund is used to account for the replacement of the Town's fleet and associated equipment provided to other Town departments on a cost reimbursement basis.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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”.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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 Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the Town 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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

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

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."

The details of this difference are as follows:

Capital assets	\$ 65,005,207
Less: accumulated depreciation	(16,268,449)
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 48,736,758</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 are as follows:

Long-Term Debt Obligations:	
Deferred outflows	\$ 3,588,760
Deferred inflows	(558,859)
Compensated absences	(1,121,590)
Certificates of participation	(5,010,000)
Net other post-employment benefit obligation	(5,796,067)
Net pension liability	<u>(9,449,072)</u>
Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (18,346,828)</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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

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	\$ 3,333,432
Depreciation expense	(1,253,687)
Internal service fund	(23,261)
Compensated absences	(129,304)
Certificates of participation	110,000
Pension expense	297,087
Net other post-employment benefit obligation (OPEB)	<u>419,112</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>\$ 2,753,379</u>

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 Town Manager so that a budget may be prepared. Before June 30, the proposed budget is presented to the Town Council for review. The Town 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:

	<u>Maturity 12 months or less</u>
Demand deposits	\$ 4,691,148
Cash and investments with fiscal agent	1,899,951
Local Agency Investment Fund (LAIF)	8,777,750
San Mateo County Treasurer’s Investment Pool	<u>8,701,826</u>
Total	<u>\$ 34,070,675</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (continued)

The Town's total cash and investments consisted of:

Unrestricted	\$ <u>32,170,724</u>
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the Town's investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Town's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the above table that shows the distribution of the Town's investments by maturity or earliest call date.

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.

As of June 30, 2017, the Town holds \$1,729,570 in unexpended proceeds from the Certificates of Participation, which were included in Cash and Investments recorded in the Capital Projects Fund. These restricted funds are spent on project costs as defined in the underlying indenture.

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. 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 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, which 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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (concluded)

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, 2017, 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.

Fair Value Hierarchy

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the Town as of June 30, 2017:

<u>Investment Type</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
California Local Agency Investment Fund	\$ 8,777,750	\$ -	\$ 8,777,750
San Mateo County Treasurer's Pool	18,701,826	-	18,701,826
Held by Trustees:			
U.S. Treasury Notes	<u>1,899,951</u>	-	<u>1,899,951</u>
Total investments	<u>\$ 29,379,527</u>	<u>\$ -</u>	29,379,527
Cash in banks and on hand			<u>4,691,148</u>
Total cash and Investments			<u>\$ 34,070,675</u>

The California Local Agency Investment Fund (LAIF) classified in Level 2 of the fair value hierarchy, are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2017 are provided by Standard and Poor's except as noted.

<u>Investment Type</u>	<u>Total</u>
Money Market Mutual Funds	\$ -
Not rated:	
California Local Agency Investment Fund	8,777,750
San Mateo County Treasurer's Pool	18,701,826
Cash in banks and on hand	4,691,148
Exempt from rating requirement:	
U.S. Treasury Notes	<u>1,899,951</u>
Total cash and investments	<u>\$ 34,070,675</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:			
Interest	\$ 61,467	\$ -	\$ 61,467
Taxes	1,676,600	3,480	1,680,080
Accounts	<u>487,059</u>	<u>-</u>	<u>487,059</u>
Net total receivables	<u>\$ 2,225,126</u>	<u>\$ 3,480</u>	<u>\$ 2,228,606</u>

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 7,595,471	\$ -	\$ -	\$ 7,595,471
Construction in progress	<u>2,106,360</u>	<u>3,333,190</u>	<u>-</u>	<u>5,439,550</u>
Total capital assets, not being depreciated	<u>9,701,831</u>	<u>3,333,190</u>	<u>-</u>	<u>13,035,021</u>
Capital assets, being depreciated				
Buildings	19,439,225	67,900	-	19,507,125
Improvements other than buildings	3,478,524	-	-	3,478,524
Machinery and equipment	2,189,838	305,270	36,280	2,458,828
Infrastructure - street systems	<u>27,025,710</u>	<u>-</u>	<u>500,001</u>	<u>26,525,709</u>
Total capital assets, being depreciated	<u>52,133,297</u>	<u>373,170</u>	<u>536,281</u>	<u>51,970,186</u>
Less accumulated depreciation for:				
Buildings	(4,519,446)	(389,131)	-	(4,908,577)
Improvements other than buildings	(1,880,342)	(162,628)	-	(2,042,970)
Machinery and equipment	(1,466,383)	(186,003)	156,689	(1,495,697)
Infrastructure - street systems	<u>(7,311,944)</u>	<u>(515,925)</u>	<u>6,664</u>	<u>(7,821,205)</u>
Total accumulated depreciation	<u>(15,178,115)</u>	<u>\$(1,253,687)</u>	<u>\$ 163,353</u>	<u>(16,268,449)</u>
Total capital assets, being depreciated, net	<u>36,955,182</u>			<u>35,701,737</u>
Governmental activities capital assets net	<u>\$46,657,013</u>			<u>\$46,736,758</u>

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

Governmental activities:	
Public works	<u>\$ 1,253,687</u>
Total depreciation expense - governmental activities	<u>\$ 1,253,687</u>

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Interfund Receivables, Payables and Transfers

Interfund transfers at June 30, 2017 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 5,848,997
Debt service	298,997	-
Town Capital Project Fund	5,550,000	-
Totals	\$ 5,848,997	\$ 5,848,997

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

E. Long-Term Debt

Changes in long-term liabilities

Long-term debt activity for the 2017 fiscal year was as follows:

	Beginning Balances	Additions	Reductions	Ending Balances	Due Within One Year
Certificates of Participation	\$ 5,120,000	\$ -	\$ 110,000	\$ 5,010,000	\$ 110,000
Net OPEB	6,215,178	-	419,112	5,796,066	-
Net Pension Liability	7,746,964	1,702,108	-	9,449,072	-
Compensated absences	992,282	129,304	-	1,121,586	-
Totals	\$20,074,424	\$ 1,831,412	\$ 529,112	\$21,376,724	\$ 110,000

Certificates of Participation

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
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 4 - DETAILED NOTES ON ALL FUNDS (concluded)

E. Long-Term Debt (concluded)

The annual requirements to amortize the debt outstanding as of June 30, 2017, including interest payments, are as follows:

<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 110,000	\$ 183,469	\$ 293,469
2019	115,000	181,269	296,269
2020	115,000	178,969	293,969
2021	120,000	174,369	294,369
2022	125,000	169,569	294,569
2023	130,000	164,569	294,569
2024	135,000	160,669	295,669
2025	135,000	156,619	291,619
2026	140,000	151,219	291,219
2027	145,000	146,319	291,319
2028	150,000	141,969	291,969
2029	155,000	137,281	292,281
2030	160,000	132,244	292,244
2031	165,000	126,844	291,844
2032	175,000	121,069	296,069
2033	180,000	115,163	295,163
2034	185,000	108,638	293,638
2035	190,000	101,238	291,238
2036	200,000	93,638	293,638
2037	210,000	86,138	296,138
2038	215,000	78,263	293,263
2039	225,000	70,200	295,200
2040	230,000	61,200	291,200
2041	240,000	52,000	292,000
2042	250,000	42,400	292,400
2043	260,000	32,400	292,400
2044	270,000	22,000	292,000
2045	<u>280,000</u>	<u>11,200</u>	<u>291,200</u>
Total	<u>\$ 5,010,000</u>	<u>\$ 3,200,925</u>	<u>\$ 8,210,925</u>

NOTE 5 - OTHER INFORMATION

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town obtains insurance coverage. The Town is a member of the ABAG PLAN Corporation (PLAN), which provides a pooled risk sharing insurance program. The PLAN provides the Town with insurance coverage of \$15 million per loss for liability claims. The Town has a \$50,000 self-insurance retention limit similar to a deductible.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

A. Risk Management (concluded)

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, 2017, the Town incurred liability claims expenses totaling \$73,362. There was one open claim as of June 30, 2017.

B. Contingencies and Commitments

Litigation

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

C. Public Employees Retirement System

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

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

The Plans are administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Town 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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

The Plan provisions and benefits in effect at June 30, 2017, 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
Hire date			
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 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%

The Town’s Miscellaneous and Safety Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The Town sponsors six rate plans (three miscellaneous and three safety).

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

For the year ended June 30, 2017, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Total Miscellaneous</u>
Employer Contributions	\$194,559
	<u>Total Safety</u>
Employer Contributions	\$523,087

As of June 30, 2017, the Town reported net pension liabilities for its proportionate shares of the net pension liability of the Miscellaneous and Safety Plans as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,689,973
Safety	6,759,099
Total Net Pension Liability	\$ 9,449,072

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

<u>Town Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2015	.083%
Proportion - June 30, 2016	.077%
Change – Increase (Decrease)	(.006%)
<u>Town Safety Plan</u>	<u>Safety</u>
Proportion - June 30, 2015	.20%
Proportion - June 30, 2016	.19%
Change – Increase (Decrease)	(.01%)

For the year ended June 30, 2017, the Town recognized pension expense of \$841,820. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,138,907	\$ -
Differences between actual and expected experience	9,898	61,485
Changes in assumptions	-	351,834
Net differences between projected and actual earnings on plan investments	1,755,861	-
Change in proportions and differences between actual contributions and proportionate share of contributions	684,093	145,540
Total	\$ 3,588,759	\$ 558,859

\$1,138,907 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

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

<u>Year Ended June 30</u>		
2018		\$ 311,740
2019		319,380
2020		803,414
2021		456,460
Total		\$ 1,890,994

Actuarial Assumptions - For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on power applies, 2.75% thereafter

(2) 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 2015 experience study report available on CalPERS' website.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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.

According to Paragraph 30 of GASB Statement No. 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 Statement Nos. 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their 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 of 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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (concluded)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19	0.99	2.43
Inflation Sensitive	6	0.45	3.36
Private Equity	10	6.83	6.95
Real Estate	10	4.50	5.13
Infrastructure and Forestland	2	4.50	5.09
Liquidity	<u>2</u>	(0.55)	(1.05)
Total	<u><u>100%</u></u>		

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	6.65%	6.65%
Net Pension Liability	\$3,919,069	\$10,088,661
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$2,689,973	\$6,759,099
1% Increase	8.65%	8.65%
Net Pension Liability	\$1,674,185	\$4,025,871

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE 5 - OTHER INFORMATION (concluded)

D. Restricted Net Position and Fund Balances (concluded)

Purpose	General Fund	Other Funds	Total
Committed fund balances were:			
Debt service costs	\$ 618,000	\$ -	\$ 618,000
Retiree Health Care costs	42,000	-	42,000
Budget Stabilization	13,627,000	-	13,627,000
Town Hall COP Project	-	<u>1,729,570</u>	<u>1,729,570</u>
Total	<u>14,287,000</u>	<u>1,729,570</u>	<u>16,016,570</u>
Assigned fund balances were:			
Litigation	100,000	-	100,000
Insurance	100,000	-	100,000
Disaster response	750,000	-	750,000
Measure A – Transportation Tax	-	111,144	111,144
Gas Tax – Streets and Roads	-	1	1
Law Enforcement – State Grants	-	148,331	148,331
Debt Service - Trustee	-	45	45
Capital Projects - Town Capital Project	-	<u>13,579,938</u>	<u>13,579,938</u>
Total	<u>950,000</u>	<u>13,839,459</u>	<u>14,789,459</u>
Unassigned fund balances were:			
General Fund	<u>6,310,836</u>	-	<u>6,310,836</u>
Grand Total	<u>\$ 21,547,836</u>	<u>\$ 15,569,029</u>	<u>\$ 37,116,865</u>

NOTE 6 - DEFERRED COMPENSATION PLAN

The Town employees may defer a portion of their compensation under a Town sponsored Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. Under this Plan, participants are not taxed on the deferred portion of the compensation until it is distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

Separate from any amounts that employees voluntarily defer, regular employees are eligible to receive a \$100 monthly matching contribution made to the Plan as a benefit by the Town. A total of 34 employees received this benefit during the fiscal year ending June 30, 2017. The Town's contributions towards this benefit for the fiscal year ended June 30, 2017 were \$42,350.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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, 2017, the Town paid approximately \$597,244 for retiree healthcare and dental plan benefits. As of July 1, 2014, the plan membership consisted of 38 active participants and 27 retirees and beneficiaries currently receiving benefits.

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, 2017 and June 30, 2016, the amount actually contributed to the plan (including implicit subsidy, if any), and changes in the Town's NET OPEB Obligation/(Asset):

Item	6/30/17	6/30/16
Annual Required Contributions	\$ 1,448,305	\$ 1,361,265
Interest on Net OPEB Obligation/(Asset)	296,286	265,048
Adjustment to Annual Required Contributions	<u>(377,406)</u>	<u>(324,075)</u>
Annual OPEB cost (expense)	1,367,185	1,302,238
Contributions to OPEB Trust	(1,189,053)	-
Contributions and Retiree Premium cost	<u>(597,244)</u>	<u>(727,565)</u>
Increase/(decrease) in net OPEB Obligation	(419,112)	574,673
Net OPEB Obligation – beginning of year	<u>6,215,179</u>	<u>5,640,506</u>
Net OPEB Obligation – end of year	<u>\$ 5,796,067</u>	<u>\$ 6,215,179</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:

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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

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	101.2%	\$ 5,640,506
6/30/16	\$ 1,302,238	\$ 727,565	56%	\$ 6,215,179
6/30/17	\$ 1,367,185	\$ 1,786,297	130%	\$ 5,796,067

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.

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, 2014, 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 2014, 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.

Valuation Date	(A) Actuarial Value of Assets	(B) Actuarial Accrued Liability	(C) Unfunded Liability (Excess Assets) [(B)-(A)]	(D) Funded Status [(A)/(B)]	(E) Annual Covered Payroll	(F) UAAL as a % of 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%

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENT

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement No. 75 are effective for fiscal years beginning after June 15, 2017. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

Town of Colma
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2017
(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	\$ 15,034,200	\$ 16,208,464	\$ 1,174,264
Licenses and permits	149,050	372,321	223,271
Fines and forfeits	68,000	64,740	(3,260)
Intergovernmental	16,060	23,230	7,170
Use of money and property	427,402	222,137	(205,265)
Other revenues	36,300	74,453	38,153
Charges for services	851,700	1,160,266	308,566
Total revenues	<u>16,582,712</u>	<u>18,125,611</u>	<u>1,542,899</u>
<u>EXPENDITURES</u>			
Current:			
General government	3,663,520	2,821,469	842,051
Public safety	6,215,960	6,173,255	42,705
Public works	2,675,530	2,791,043	(115,513)
Planning	497,000	470,802	26,198
Recreation	961,740	1,066,457	(104,717)
Total expenditures	<u>14,013,750</u>	<u>13,323,026</u>	<u>690,724</u>
Excess (deficiency) of revenues over expenditures	<u>2,568,962</u>	<u>4,802,585</u>	<u>2,233,623</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	<u>(853,170)</u>	<u>(5,848,997)</u>	<u>(4,995,827)</u>
Total other financing sources (uses)	<u>(853,170)</u>	<u>(5,848,997)</u>	<u>(4,995,827)</u>
Net change in fund balance	<u>\$ 1,715,792</u>	(1,046,412)	<u>\$ (2,762,204)</u>
Fund balance, beginning of period		<u>22,594,248</u>	
Fund balance, end of period		<u>\$ 21,547,836</u>	

Town of Colma
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS
 June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability	0.07743%	0.08263%	0.07547%
Proportion share of the net pension liability	\$ 2,689,973	\$ 2,267,047	\$ 1,865,120
Covered - employee payroll	\$ 1,714,156	\$ 1,569,041	\$ 1,439,421
Proportionate share of the net pension liability as percentage of covered-employee payroll	156.93%	144.49%	129.57%
Plan's fiduciary net position	\$ 239,798	\$ 221,883	\$ 175,625
Plan fiduciary net position as a percentage of the total pension liability	77.69%	73.89%	70.53%

* Fiscal year 2015 was the 1st year of implementation.

Town of Colma
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - SAFETY
 June 30, 2017

	2016	2015	2014
Proportion of the net pension liability	0.19457%	0.19974%	0.20336%
Proportion share of the net pension liability	\$ 6,759,099	\$ 5,479,917	\$ 5,026,111
Covered - employee payroll	\$ 2,316,450	\$ 2,180,395	\$ 2,164,223
Proportionate share of the net pension liability as percentage of covered-employee payroll	291.79%	251.33%	232.24%
Plan's fiduciary net position	\$ 613,977	\$ 567,784	\$ 435,862
Plan fiduciary net position as a percentage of the total pension liability	72.44%	75.28%	75.39%

* Fiscal year 2015 was the 1st year of implementation.

Town of Colma
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
 June 30, 2017

City Miscellaneous Plan			
<u>Fiscal Year Ending June 30</u>	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 294,899	\$ 359,763	\$ 226,748
Contributions in relation to the actuarially determined contributions	<u>(290,520)</u>	<u>(249,024)</u>	<u>(226,748)</u>
Contribution deficiency (excess)	<u>\$ 4,379</u>	<u>\$ 110,739</u>	<u>\$ -</u>
Covered - employee payroll	\$ 1,714,156	\$ 1,569,041	\$ 1,439,421
Contributions as a percentage of covered-employee payroll	17.20%	22.93%	15.75%
percentage of covered-employee payroll			

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions: There were no changes of assumptions.

* Fiscal year 2015 was the 1st year of implementation.

Town of Colma
SCHEDULE OF CONTRIBUTIONS - SAFETY
 June 30, 2017

City Safety Plan

<u>Fiscal Year Ending June 30</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 788,713	\$ 820,095	\$ 712,647
Contributions in relation to the actuarially determined contributions	<u>(757,355)</u>	<u>(687,933)</u>	<u>(712,647)</u>
Contribution deficiency (excess)	<u>\$ 31,358</u>	<u>\$ 132,162</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,316,450	\$ 2,180,395	\$ 2,164,223
Contributions as a percentage of covered-employee payroll	34.05%	37.61%	32.93%
percentage of covered-employee payroll			

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions: There were no changes of assumptions.

* Fiscal year 2015 was the 1st year of implementation.

Town of Colma
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

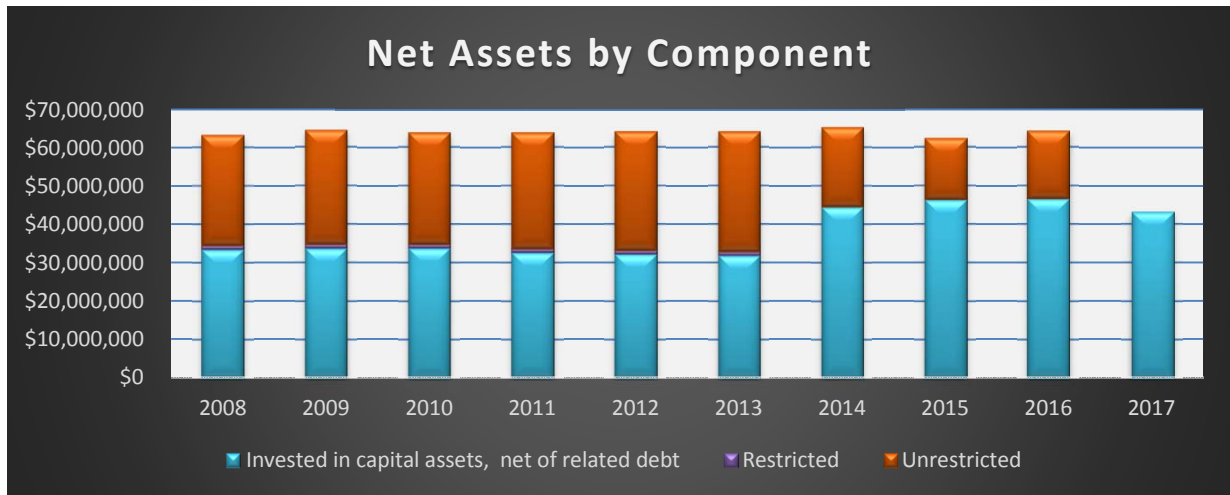
	Special Revenue Funds				Total Nonmajor Governmental Funds
	Measure A	Gas Tax	Local law Enforcement Grants	Debt Service	
<u>ASSETS</u>					
Cash and investments	\$ 107,664	\$ 1,992	\$ 155,222	\$ 45	\$ 264,923
Receivables from other governments	3,480	-	-	-	3,480
Prepaid items	-	-	-	-	-
	-	-	-	-	-
 Total Assets	\$ 111,144	\$ 1,992	\$ 155,222	\$ 45	\$ 268,403
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ 1,991	\$ 6,891	\$ -	\$ 8,882
	-	1,991	6,891	-	8,882
 Total Liabilities	-	1,991	6,891	-	8,882
 Fund balances:					
Assigned	111,144	1	148,331	45	259,521
	111,144	1	148,331	45	259,521
 Total Fund Balances	111,144	1	148,331	45	259,521
 Total Liabilities and Fund Balances	\$ 111,144	\$ 1,992	\$ 155,222	\$ 45	\$ 268,403

Town of Colma
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Gas tax (Fund 21)	Measure A (Fund 22)	Local Law Enforcement Grant Fund	Debt Service	
Revenues:					
Intergovernmental	\$ 34,889	\$ 52,099	\$ 133,545	\$ -	\$ 220,533
Use of money and property	248	606	1,023	55	1,932
Total revenues	<u>35,137</u>	<u>52,705</u>	<u>134,568</u>	<u>55</u>	<u>222,465</u>
Expenditures:					
Current:					
Public safety	-	-	106,896	-	106,896
Public works	63,148	-	-	3,400	66,548
Debt service:					
Principal	-	-	-	110,000	110,000
Interest	-	-	-	185,669	185,669
Total expenditures	<u>63,148</u>	<u>-</u>	<u>106,896</u>	<u>299,069</u>	<u>469,113</u>
Excess (deficiency) of revenues over expenditures	<u>(28,011)</u>	<u>52,705</u>	<u>27,672</u>	<u>(299,014)</u>	<u>(246,648)</u>
Other financing sources (uses):					
Debt proceeds	-	-	-	-	-
Transfers in	-	-	-	298,997	298,997
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,997</u>	<u>298,997</u>
Net change in fund balances	(28,011)	52,705	27,672	(17)	52,349
Fund balances, July 1	28,012	58,439	120,659	62	207,172
Fund balances, June 30	<u>\$ 1</u>	<u>\$ 111,144</u>	<u>\$ 148,331</u>	<u>\$ 45</u>	<u>\$ 259,521</u>

STATISTICAL SECTION

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



	2008	2009	2010	2011	2012
Governmental activities					
Invested in capital assets, net of related debt	\$33,566,689	\$33,839,601	\$33,872,406	\$32,716,909	\$32,290,889
Restricted	984,613	959,750	959,750	959,750	959,750
Unrestricted	28,818,698	29,731,736	29,091,738	30,259,243	30,931,462
Total governmental activities net position	\$63,370,000	\$64,531,087	\$63,923,894	\$63,935,902	\$64,182,101

2013	2014	2015	2016	2017
\$31,939,040	\$44,599,385	\$46,404,513	\$46,657,014	\$43,276,758
958,050	0	0	0	0
31,280,801	20,760,067	15,999,908	17,650,250	24,533,197
<u>\$64,177,891</u>	<u>\$65,359,452</u>	<u>\$62,404,421</u>	<u>\$64,307,264</u>	<u>\$67,809,955</u>

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

	Fiscal Year Ended June 30,				
	2008	2009	2010	2011	2012
Expenses					
Governmental Activities:					
General Government	\$2,674,755	\$2,874,961	\$2,735,280	\$2,825,518	\$3,132,552
Public Safety:	5,130,869	5,962,790	5,887,593	5,988,451	5,944,039
Public Works	3,132,289	2,978,182	3,468,651	3,118,437	2,990,162
Recreation & Parks	1,051,869	1,096,387	1,040,969	1,066,492	1,061,289
Planning	575,085	549,198	533,042	584,957	464,616
Interest on long-term debt	627,581	667,582	608,114	598,294	587,357
Total Governmental Activities Expenses	<u>13,192,448</u>	<u>14,129,100</u>	<u>14,273,649</u>	<u>14,182,149</u>	<u>14,180,015</u>
Total Primary Government Expenses	<u>\$13,192,448</u>	<u>\$14,129,100</u>	<u>\$14,273,649</u>	<u>\$14,182,149</u>	<u>\$14,180,015</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$0	\$0	\$0	\$0	\$0
Public Safety:	80,240	84,039	70,604	98,673	83,732
Public Works	267,508	383,707	348,140	362,472	385,942
Recreation & Parks	167,053	43,763	50,014	51,440	61,940
Planning	267,507	383,707	348,139	362,471	385,942
Operating Grants and Contributions	0	0	0	0	0
Capital Grants and Contributions	\$2,729,032	\$2,155,277	\$1,793,072	\$2,252,336	\$2,037,958
Total Government Activities Program Revenues	<u>\$3,511,340</u>	<u>\$3,050,493</u>	<u>\$2,609,969</u>	<u>\$3,127,392</u>	<u>\$2,955,514</u>

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

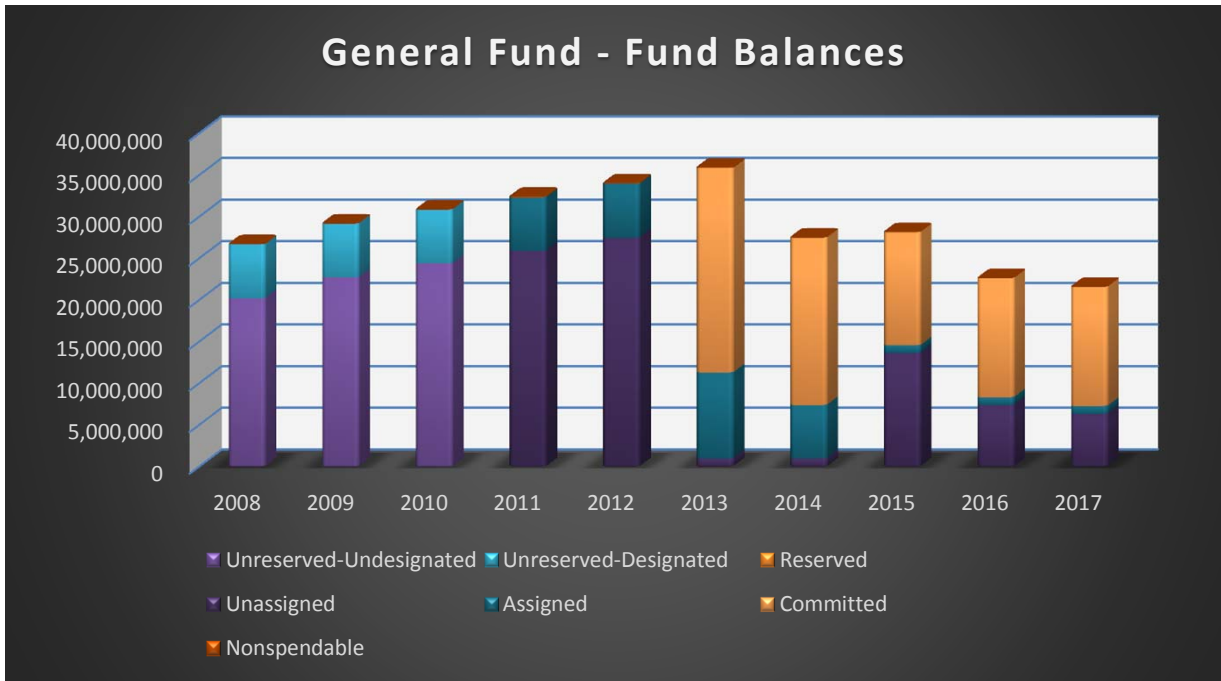
Total Primary Government Program Revenues	\$3,511,340	\$3,050,493	\$2,609,969	\$3,127,392	\$2,955,514
Net (Expense)/Revenue					
Governmental Activities	(\$9,681,108)	(\$11,078,607)	(\$11,663,680)	(\$11,054,757)	(\$11,224,501)
Total Primary Government Net Expense	(\$9,681,108)	(\$11,078,607)	(\$11,663,680)	(\$11,054,757)	(\$11,224,501)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes					
Property taxes	\$1,323,855	388,565	\$385,709	\$366,266	\$334,320
Sales taxes	\$6,026,969	5,669,898	5,337,807	4,901,120	5,045,150
Cardroom taxes	\$3,448,351	3,923,552	5,484,544	4,938,532	5,091,032
Motor vehicle in-lieu, unrestricted	\$53,656	53,775	52,262	50,024	0
Other taxes	\$1,500,419	1,414,317	278,912	513,254	56,455
Use of Money/Property and interest earnings	135,515	2,205,627	700,460	287,291	476,595
Other revenues	0	0	0	0	63,213
Extraordinary items:					
Special item - forgiveness of assessments	0	0	0	0	0
Total Governmental Activities	12,488,765	13,655,734	12,239,694	11,056,487	11,066,765
Total Primary Government	\$12,488,765	\$13,655,734	\$12,239,694	\$11,056,487	\$11,066,765
Change in Net Assets					
Governmental Activities	\$2,807,657	\$2,577,127	\$576,014	\$1,730	(\$157,736)
Total Primary Government	\$2,807,657	\$2,577,127	\$576,014	\$1,730	(\$157,736)

2013	2014	2015	2016	2017
\$3,346,125	\$2,967,299	\$3,903,936	\$3,187,043	\$2,821,469
6,913,654	6,257,453	2,832,021	7,027,124	5,693,256
3,047,313	3,915,614	4,285,679	4,216,784	4,519,003
1,058,521	908,687	946,869	968,178	1,066,457
573,399	417,626	410,942	512,090	470,802
575,585	483,814	0	114,087	185,669
15,514,597	14,950,493	12,379,447	16,025,306	14,756,656
\$15,514,597	\$14,950,493	\$12,379,447	\$16,025,306	\$14,756,656

\$0	\$20,175	\$0	\$0	\$0
67,536	102,641	106,935	68,225	250,905
421,062	709,810	826,619	500,000	290,067
82,825	71,176	78,592	524,317	580,133
421,063	100,113	109,561	281,687	476,222
0	0	138,809	282,497	156,775
\$2,314,303	\$479,793	\$0	\$0	\$169,204
\$3,306,789	\$1,483,708	\$1,260,516	\$1,656,726	\$1,923,306

\$3,306,789	\$1,483,708	\$1,260,516	\$1,656,726	\$1,923,306
(\$12,207,808)	(\$13,466,785)	(\$11,118,931)	(\$14,368,580)	(\$12,833,350)
(\$12,207,808)	(\$13,466,785)	(\$11,118,931)	(\$14,368,580)	(\$12,833,350)
\$354,574	\$617,618	\$472,157	\$617,172	\$578,560
5,517,652	6,232,713	6,843,923	10,851,063	11,202,349
4,957,234	4,703,462	4,140,070	4,039,518	4,290,660
0	0	0	0	0
74,736	105,257	2,454,113	115,585	223,883
496,197	503,140	615,754	473,432	247,803
70,307	41,408	122,329	174,653	242,786
0	0	0	0	0
11,470,700	12,203,598	14,648,346	16,271,423	16,786,041
\$11,470,700	\$12,203,598	\$14,648,346	\$16,271,423	\$16,786,041
(\$737,108)	(\$1,263,187)	\$3,529,415	\$1,902,843	\$3,952,691
(\$737,108)	(\$1,263,187)	\$3,529,415	\$1,902,843	\$3,952,691

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



	2008	2009	2010	2011	2012
General Fund					
Reserved	\$6,975	\$5,804	\$9,102	\$0	\$0
Unreserved-Designated	6,464,640	6,464,640	6,464,640	0	0
Unreserved-Undesignated	20,190,578	22,683,168	24,362,588	0	0
Nonspendable	0	0	0	\$88,822	\$103,788
Committed	0	0	0	0	0
Assigned	0	0	0	6,464,640	6,464,640
Unassigned	0	0	0	25,848,027	27,462,519
Total General Fund	\$26,662,193	\$29,153,612	\$30,836,330	\$32,401,489	\$34,030,947
All Other Governmental Funds					
Reserved	\$1,123,395	\$984,613	\$959,750	0	0
Unreserved-Designated	0	0	0	0	0
Unreserved-Undesignated	0	(\$180,260)	0	0	0
Unreserved, reported in:					
Special revenue funds	124,776	118,490	105,593	0	0
Committed	0	0	0	\$959,750	\$959,750
Assigned	0	0	0	79,716	120,291
Unassigned	0	0	0	0	0
Total all other governmental funds	\$1,248,171	\$922,843	\$1,065,343	\$1,039,466	\$1,080,041

- (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.

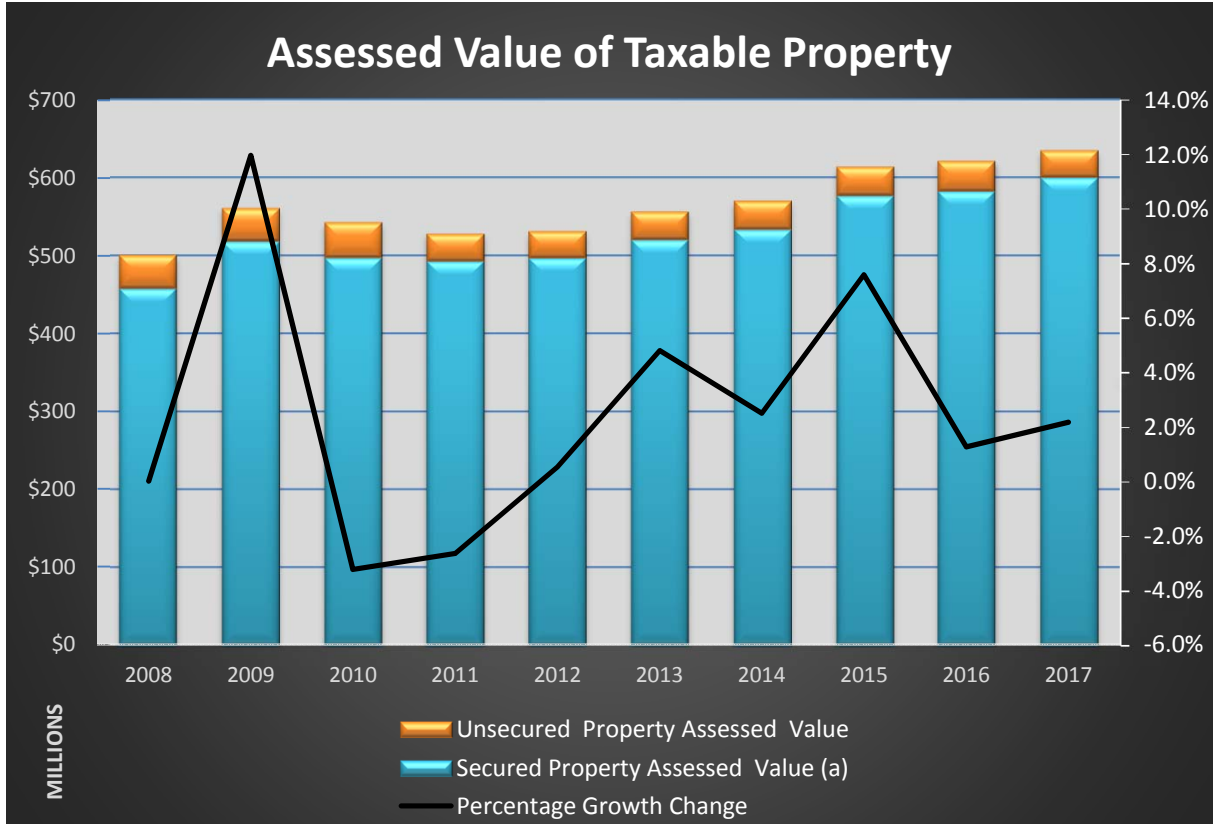
2013	2014	2015	2016	2017
\$0	\$0	\$0	\$0	\$0
0	0	0	0	0
0	0	0	0	0
\$98,956	0	0	0	0
24,552,790	20,100,000	13,576,000	14,287,000	14,287,000
10,319,919	6,417,979	950,000	950,000	950,000
950,000	950,000	13,591,913	7,357,248	6,310,836
<u>\$35,921,665</u>	<u>\$27,467,979</u>	<u>\$28,117,913</u>	<u>\$22,594,248</u>	<u>\$21,547,836</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
\$958,050	0	0	4,343,192	1,729,570
203,792	79,249	71,557	8,980,111	13,839,459
0	0	(47,219)	0	0
<u>\$1,161,842</u>	<u>\$79,249</u>	<u>\$24,338</u>	<u>\$13,323,303</u>	<u>\$15,569,029</u>

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

	2008	2009	2010	2011	2012
Revenues					
Property taxes	\$388,565	\$385,709	\$366,266	\$334,320	\$354,574
Sales taxes	5,669,898	5,337,807	4,901,120	5,045,150	5,517,652
Cardroom taxes	3,923,552	5,484,544	4,938,532	5,091,032	4,957,234
Other taxes	53,775	52,262	50,024	56,455	74,736
Licenses and permits	200,908	238,163	189,550	108,763	83,862
Fines and forfeits	80,240	84,039	70,604	98,673	83,732
Intergovernmental	2,729,032	2,155,277	1,793,072	2,252,336	2,037,958
Use of money and property	1,414,317	278,912	513,254	476,595	496,197
Other revenues	2,205,627	700,460	287,291	63,213	70,307
Charges for services	501,157	573,014	556,743	667,620	749,962
Total Revenues	17,167,071	15,290,187	13,666,456	14,194,157	14,426,214
Expenditures					
Current:					
General Government	2,908,289	2,680,083	2,509,572	2,620,539	2,936,363
Public Safety	4,951,501	4,906,617	4,807,033	4,929,990	4,822,180
Public Works	4,915,179	3,667,122	3,857,314	3,179,758	2,866,880
Recreation	872,501	899,458	859,300	888,871	883,961
Planning	395,717	352,269	351,375	407,336	287,288
Capital Outlay	0	0	0	0	0
Debt service:					
Principal repayment	335,000	345,000	350,000	360,000	375,000
Interest and fiscal charges	622,796	614,421	604,934	595,309	584,509
Costs of Issuance	0	0	0	0	0
Total Expenditures	15,000,983	13,464,970	13,339,528	12,981,803	12,756,181
Excess (deficiency) of revenues over (under) expenditures	2,166,088	1,825,217	326,928	1,212,354	1,670,033
Other Financing Sources (Uses)					
Issuance of long-term debt					
Transfers in	2,767,920	2,076,222	1,515,520	1,274,755	1,140,692
Transfers (out)	(2,767,920)	(2,076,222)	(1,515,520)	(1,274,755)	(1,140,692)
Total other financing sources (uses)	0	0	0	0	0
Net Change in fund balances	\$2,166,088	\$1,825,217	\$326,928	\$1,212,354	\$1,670,033
Debt service as a percentage of noncapital expenditures	2.5%	2.4%	2.5%	2.5%	2.6%

2013	2014	2015	2016	2017
\$617,618	\$472,157	\$554,778	\$617,172	\$578,560
6,232,713	6,843,923	10,327,853	10,851,063	11,202,349
4,703,462	4,140,070	3,774,885	4,039,518	4,290,660
105,257	2,454,113	138,463	115,585	136,895
114,546	100,113	109,724	281,687	372,321
67,536	66,611	65,785	68,225	64,740
2,314,303	479,793	407,960	282,497	412,967
503,140	615,754	427,801	473,432	247,803
41,408	122,329	148,351	222,156	242,786
810,404	837,191	946,198	1,024,317	1,160,266
15,510,387	16,132,054	16,901,798	17,975,652	18,709,347
2,921,076	2,967,299	3,903,936	3,194,543	2,821,469
5,445,546	5,397,761	4,961,165	5,748,812	6,280,151
2,936,622	3,299,749	6,083,862	4,730,141	6,575,487
880,931	908,687	946,869	973,178	1,066,457
395,809	417,626	410,942	512,090	470,802
0	0	0	0	0
385,000	12,100,000	0	180,000	110,000
572,884	577,209	0	114,087	185,669
0	0	0		
13,537,868	25,668,331	16,306,774	15,452,851	17,510,035
1,972,519	(9,536,277)	595,024	2,522,801	1,199,312
1,230,450	12,246,681	0	5,252,497	5,848,997
(1,230,450)	(12,246,681)	0	(9,833,630)	(5,848,997)
0	0	0	5,252,497	0
\$1,972,519	(\$9,536,277)	\$595,024	\$7,775,298	\$1,199,312
2.5%	80.9%	0.0%	1.1%	0.6%

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
2008	458,310,704	42,682,910	723,100	501,716,714	1.0%	-
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%
2016	583,049,863	38,607,884	723,100	622,380,847	1.0%	1.3%
2017	600,830,262	34,339,922	723,100	635,893,284	1.0%	2.2%

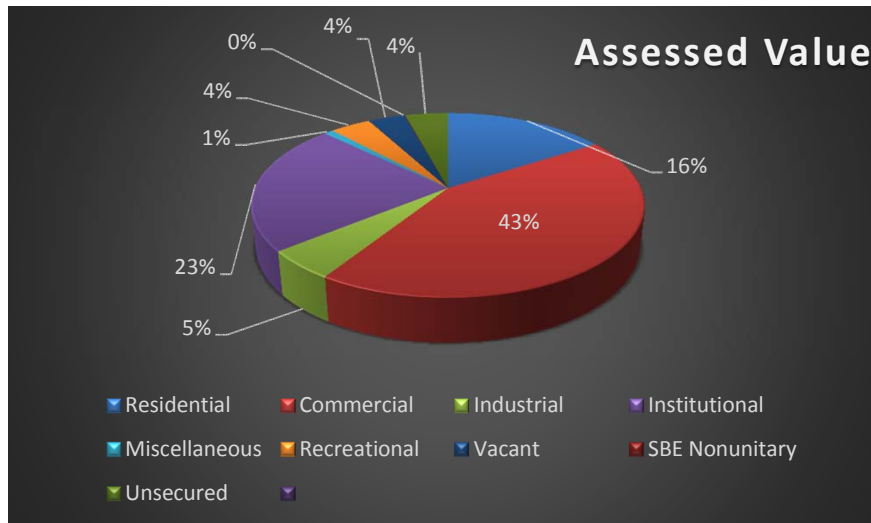
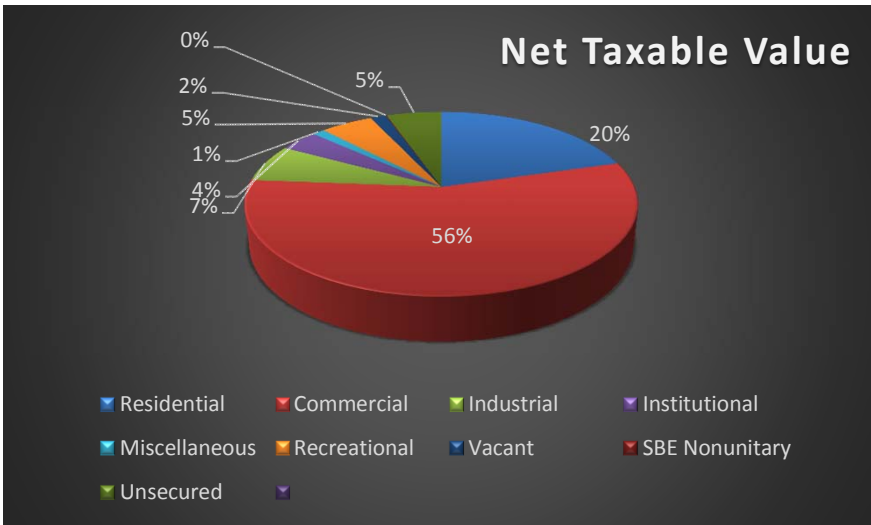
(a) Assessed values presented are net of exemptions.

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.

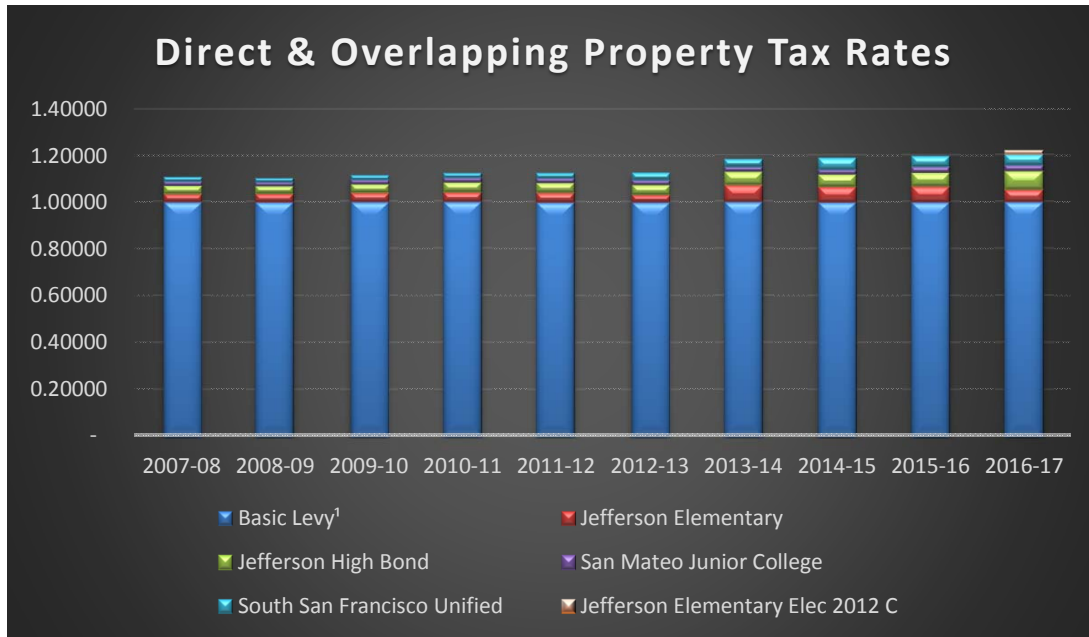
(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The Town of Colma encompasses 7 tax rate areas.

TOWN OF COLMA
Assessed Value of Taxable Property by Use
Fiscal year ending June 30, 2017

Category	Parcels	Assessed Value	% of Total	Net Taxable Value	% of Total
Residential	313	130,433,612	15.9%	130,433,612	20.5%
Commercial	70	354,389,289	43.2%	354,389,289	55.7%
Industrial	19	42,065,678	5.1%	42,065,678	6.6%
Institutional	49	189,056,542	23.0%	24,083,305	3.8%
Miscellaneous	20	7,645,452	0.9%	7,645,452	1.2%
Recreational	2	32,570,642	4.0%	32,570,642	5.1%
Vacant	81	29,814,409	3.6%	9,642,284	1.5%
SBE Nonunitary	[3]	723,100	0.1%	723,100	0.1%
Unsecured	[122]	34,545,800	4.2%	34,339,922	5.4%
TOTALS	554	821,244,524		635,893,284	



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



Agency	2007-08	2008-09	2009-10	2010-11	2011-12
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000
Jefferson Elementary	0.03400	0.03540	0.03890	0.03990	0.04070
Jefferson Elementary Elec 2012 C	-	-	-	-	-
Jefferson High Bond	0.03610	0.03330	0.03600	0.04160	0.04220
San Mateo Junior College	0.01710	0.01650	0.01820	0.01930	0.01990
South San Francisco Unified	0.01890	0.01620	0.01950	0.01960	0.02210
Total Direct & Overlapping Tax Rates	1.10610	1.10140	1.11260	1.12040	1.12490
City's Share of 1% Basic Levy	0.01223	0.01223	0.01223	0.01223	0.01223

Source: San Mateo County Assessor, 2007-08 thru 2016-17 Tax Rate Table

2012-13	2013-14	2014-15	2015-16	2016-17
1.00000	1.00000	1.00000	1.00000	1.00000
0.03160	0.07130	0.06620	0.06740	0.05190
-	-	-	-	0.01610
0.04300	0.05740	0.05300	0.05830	0.08000
0.01940	0.01940	0.01900	0.02500	0.02470
0.03270	0.03280	0.05130	0.04570	0.04670
1.12670	1.18090	1.18950	1.19640	1.21940
0.01223	0.01223	0.01223	0.01223	0.01223

Town of Colma
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2016-17

Taxpayer	Business Type
Best Buy	Electronics/Appliance Stores
BevMo	Convenience Stores/Liquor
Cypress Lawn Cemetery	Morticians and Undertakers
General Motors Acceptance	Auto Lease
Golden Gate Acura	New Motor Vehicle Dealers
Home Depot	Building Materials
Honda Lease Trust	Auto Lease
Honda of Serramonte	New Motor Vehicle Dealers
Kohls	Department Stores
Lexus of Serramonte	New Motor Vehicle Dealers
Lucky Chances Casino	Leisure/Entertainment
Marshalls	Family Apparel
Michaels Arts & Crafts	Art/Gift/Novelty Stores
Nissan Serramonte Certified Center	New Motor Vehicle Dealers
Nordstrom Rack	Department Stores
Office Depot	Office Supplies/Furniture
Old Navy	Family Apparel
Pacific Nurseries	Garden/Agriculture Supplies
Ross	Family Apparel
Serramonte Ford	New Motor Vehicle Dealers
South Bay Serramonte	New Motor Vehicle Dealers
Stewart Chevrolet Chrysler	New Motor Vehicle Dealers
Target	Discount Dept Stores
Team Volkswagen Subaru	New Motor Vehicle Dealers
Toyota Lease Trust	Auto Lease

Percent of Fiscal Year Paid by Top 25 Accounts = 89.71%

2007-08

Business Name	Business Category
Babies R Us	Specialty Stores
Bed Bath & Beyond	Home Furnishings
Best Buy	Electronics/ApplianceStores
BevMo	Convenience Stores/Liquor
Colma Buick Pontiac GMC	New Motor Vehicle Dealers
Cypress Lawn Cemetary	Morticians and Undertakers
Golden Gate Acura	New Motor Vehicle Dealers
Home Depot	Building Materials
Honda Lease Trust	Auto Lease
Honda of Serramonte	New Motor Vehicle Dealers
Infiniti of 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
Marshalls	Family Apparel
Nissan Infiniti	Auto Lease
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
Stewart Chevrolet Chrysler	New Motor Vehicle Dealers
Target	Discount Dept Stores
Toyota Motor Credit	Auto Lease

Percent of Fiscal Year Paid by Top 25 Accounts = 90.46%

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

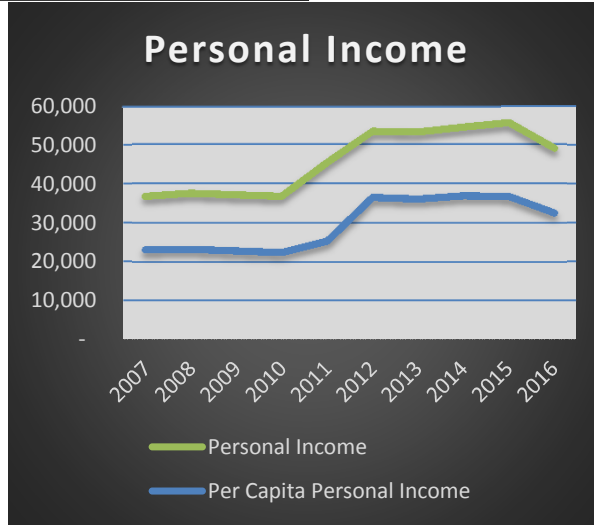
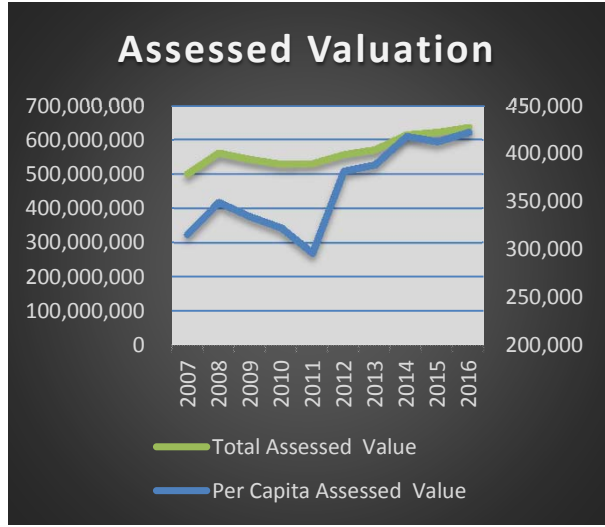
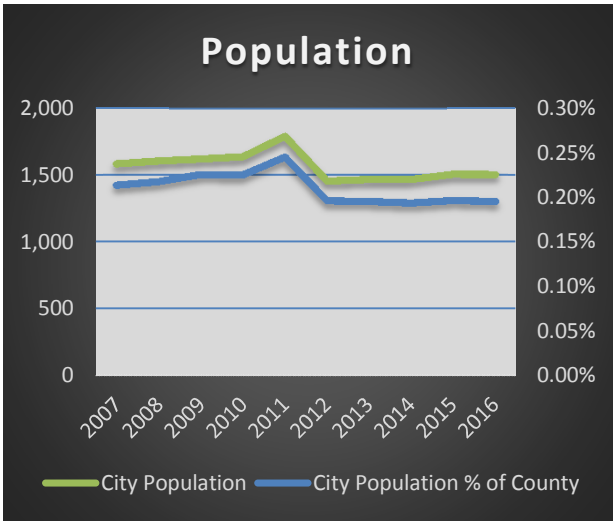
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Apparel Stores	\$26,673	\$25,114	\$27,422	\$27,968	\$28,693
General Merchandise	117,177	116,220	119,226	115,695	124,348
Eating and Drinking Places	9,155	9,552	9,792	9,457	13,039
Auto Dealers and Supplies	316,270	231,679	216,075	230,020	266,064
Other Retail Stores	253,505	238,418	214,482	210,112	203,533
All Other Outlets	116,724	97,521	90,401	100,377	107,290
Total	<u>\$839,504</u>	<u>\$718,504</u>	<u>\$677,398</u>	<u>\$693,629</u>	<u>\$742,967</u>

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the source of the Town's revenue.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$32,956	\$31,698	\$31,256	\$30,954	\$35,504
127,391	125,933	119,402	117,424	114,147
14,095	13,994	15,528	16,383	16,998
341,651	412,832	484,173	509,094	540,131
205,686	222,006	225,440	228,333	225,433
123,365	146,528	176,818	185,589	214,841
<u>\$845,144</u>	<u>\$952,991</u>	<u>\$1,052,617</u>	<u>\$1,087,777</u>	<u>\$1,147,054</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
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	718,451	0.23%
2010	1,637	529,074,879	323,198	36,937	22,564	726,305	0.23%
2011	1,789	531,815,371	297,270	45,492	25,429	729,429	0.25%
2012	1,458	557,332,330	382,258	53,392	36,620	740,850	0.20%
2013	1,470	571,240,415	388,599	53,218	36,203	749,165	0.20%
2014	1,471	614,634,392	417,834	54,449	37,015	756,866	0.19%
2015	1,509	622,380,847	412,446	55,581	36,832	764,711	0.20%
2016	1,506	635,893,284	422,240	49,093	32,598	768,507	0.20%

TOWN OF COLMA
TOWN COUNCIL
&
MANAGEMENT REPORT

For the Year Ended
JUNE 30, 2017

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R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

Town Council
Town of Colma
Colma, California

In planning and performing our audit of the basic financial statements of Town of Colma for the fiscal year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Colma's internal control.

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

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

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

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

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

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 14, 2018

Town Council
Town of Colma
Colma, California

We have audited the basic financial statements of Town of Colma for the year ended June 30, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 22, 2017, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

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

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that it is reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements were:

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 9, 2018.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Colma's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

We were engaged to report on the combining statements and individual fund statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

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

Town of Colma
MANAGEMENT REPORT
For the Year Ended June 30, 2017

Current Year Observations

There were no current year observations.

Prior Year Observations

There were no prior year observations.

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

FINANCIAL STATEMENTS

JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure A Fund of Town of Colma, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Measure A Fund's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

As described in Note 1 to the financial statements, the accompanying financial statements present only the Measure A Fund and do not purport to, and do not, present fairly the financial position of Town of Colma, California, as of June 30, 2017, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure A Fund of Town of Colma, California, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 14, 2017

Town of Colma
Measure A Fund
GOVERNMENTAL FUND TYPE
BALANCE SHEET
June 30, 2017

ASSETS

Cash	\$ 107,664
Accounts receivable	<u>3,480</u>
 Total assets	 <u>\$ 111,144</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Due to other fund	<u>\$ -</u>
 Fund balance:	
Assigned	<u>111,144</u>
 Total liabilities and fund balances	 <u>\$ 111,144</u>

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

Town of Colma
Measure A Fund
GOVERNMENTAL FUND TYPE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2017

Revenues:	
20 percent of 1/2 cent sales tax	\$ 52,099
Use of money and property	<u>606</u>
Total revenues	<u>52,705</u>
Expenditures:	
Capital outlay	<u>-</u>
Total expenditures	<u>-</u>
Excess of revenues over expenditures	52,705
Fund balance, beginning of period	<u>58,439</u>
Fund balance, end of period	<u><u>\$ 111,144</u></u>

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

Town of Colma
Measure A Fund
NOTES TO FUND FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - REPORTING ENTITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

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

B. Budgets and Budgetary Accounting

The Town adopted an annual budget for the Fund for the fiscal year ending June 30, 2017. The Town’s budget is prepared on a basis consistent with U.S. generally accepted accounting principles. All annual appropriations lapse at year end.

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

Town of Colma
Measure A Fund
NOTES TO FUND FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - CASH AND INVESTMENTS

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

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

Interest earnings, if any, were allocated to the Fund in the 2017 fiscal year based upon the Fund's average cash balances and the proportionate interest earned by the Town on its pooled investments in the State of California Local Agency Investment Fund (LAIF) and the San Mateo County Treasurer Pool. See the Town's Basic Financial Statements for the disclosures related to cash and investments and the related custodial risk categorization.

NOTE 4 - CONTINGENCIES

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

NOTE 5 - ASSIGNED FUND BALANCE

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

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

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

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

We have audited the Town of Colma's compliance with the agreement between the Town of Colma and San Mateo County Transportation Authority applicable to the Measure A Fund for the year ended June 30, 2017. Compliance with the requirements referred to above is the responsibility of Town of Colma's management. Our responsibility is to express an opinion on Town of Colma's compliance based on our audit.

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

Compliance

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

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

R. J. Ricciardi, Inc.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
December 14, 2017



R. J. RICCIARDI, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and Members of
The Town Council
Town of Colma

We have applied the procedures enumerated below to the accompanying Appropriations Limit worksheet of the Town of Colma (the Town) for the year ended June 30, 2018. These procedures, which were agreed to by the Town (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the Town in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

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

The procedures performed and our findings were as follows:

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

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

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

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

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

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

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

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

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

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

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
February 9, 2018

Article XIII B Appropriation Limit Calculation

Prior Year Limit		\$ 40,596,875
Multiply by:		
Non-Residential Assessed Valuation Growth	1.000056	
Change in population	1.000369	<u>1.000425</u>
Total Appropriation Limit Fiscal Year 2017-2018		<u>\$ 40,622,372</u>





STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Brad Donohue, Director of Public Works
 Kirk Stratton, Chief of Police
 VIA: Brian Dossey, City Manager
 MEETING DATE: February 28, 2018
 SUBJECT: Additions and Amendments to the Colma Parking Code

STAFF RECOMMENDATION

Staff recommends that the City Council adopt the following Resolution:

RESOLUTION AMENDING THE COLMA PARKING CODE RELATING TO THE
 STOPPING, STANDING OR PARKING OF VEHICLES IN VARIOUS LOCATIONS WITHIN
 THE TOWN OF COLMA.

EXECUTIVE SUMMARY

The proposed resolution is being brought before the City Council and Public to identify and clarify certain parking areas and restrictions in the Sterling Park Residential Neighborhood. Staff is requesting that City Council consider:

- Adding New "Limited Time Parking Zones" (Green Zones); and
 - Adding new "No Parking Zones" (Red Zone); and
- Amend the Colma Parking Code to not permit Commercial Vehicle parking in the Sterling Park Neighborhood;

Greater detail of these proposed changes will be explained in the analysis portion of the Staff Report.

FISCAL IMPACT

Cost associated with installing parking zone signage and painting of curbs is estimated to be in the range of \$1,500 for material and will be funded through the Public Works Operation Budget. Labor to install the improvements will be performed by the Public Works Maintenance Crew in their day to day duties.

BACKGROUND

The Public Works/Engineering Department, Police Department and City Attorney periodically review the Colma Parking Code (CPC) to identify any changes or additions to the street parking zones that need to be revised, amended or added to the CPC. Changes or proposed additions to the CPC come in various ways and for different reasons; typically, the requests come either by the Public/ or commercial businesses wanting to change or add parking zones to the CPC as to provide higher levels of convenience or safety for their day to day activities or changes come by way of the Police Department for either enforcement clarity or safety concerns.

ANALYSIS

The Colma Parking Code is a compilation of those resolutions regulating the stopping, and or standing of parked vehicles in the Town of Colma that are authorized by the California Vehicle Code.

Below are sections of the Parking Code where Staff is recommending either amending various parking zones or adding new parking zone sections to the Town of Colma Parking Code.

Amend Section 2.2 "Timed Parking in a Preferential Parking Zone"

- Remove section 2.2.3, "A commercial vehicle parked on F Street, as provided in section 7.4 below".
- Reason: Parking availability in the Sterling Park Neighborhood is scarce, allowing commercial vehicles to park on that portion of F Street takes away the opportunity for residents to find parking for their residential needs.

Section 3 "No Parking, anytime zones"

Section 3.3 "No Parking, anytime zones on F Street"

Add Section 3.3.13 (EXHIBIT "B")

- **Adding:** A 20-foot red zone to the Northwest corner of F Street and Clark Avenue.
- **Description:** A no-parking, anytime zone on the Northwestern corner of F Street and Clark Avenue commencing at point 30 feet west of the centerline of Clark Avenue, extending westerly 20 feet.
- **Reason:** Drivers traveling Southbound on Clark Avenue when coming to the Stop Sign, their line of sight is impacted by vehicles who park on the Northwest corner of F Street and Clark Avenue. Providing a no parking zone (Red Zone) would provide a higher level of safety for vehicles coming in both directions of travel.

Add Section 3.3.14 (EXHIBIT "B")

- **Adding:** A 20-foot red zone to the Northeast Side F Street and Clark Avenue.

- **Description:** A no-parking, anytime zone on the Northeastern corner of F Street and Clark Avenue commencing at a point 30 feet East of the centerline of Clark Avenue, extending Easterly 20 feet.
- **Reason:** Drivers traveling Southbound on Clark Avenue when coming to the Stop Sign, the drivers line of sight is impacted by vehicles who park on the Northeast corner of F Street and Clark Avenue. Providing a no parking zone (Red Zone) would provide vehicles entering onto F Street would provide a higher level of safety for vehicles traveling in both directions.

Add Section 3.3.15 (EXHIBIT "B")

- **Adding:** A 20-foot red zone to the Eastside of the main entrance to the Italian Cemetery (540 F Street)
- **Description:** Commencing from the Eastside of the Main Driveway entrance to the Italian Cemetery and traveling east for 20 feet.
- **Reason:** To prevent vehicles from parking to close to the Italian Cemetery driveway inlet; provides a better line of sight for vehicles exiting driveway onto F Street.
- **Other Requirements:** City Council approval.

Add Section 3.3.16 (EXHIBIT "B")

- **Adding:** A 20-foot red zone to the Westside of the main entrance to the Italian Cemetery (540 F Street)
- **Description:** Commencing from the westside of the Main Driveway entrance to the Italian Cemetery and traveling west 20 feet.
- **Reason:** To prevent vehicles from parking to close to the Italian Cemetery driveway inlet; provides a better line of sight for vehicles exiting driveway onto F Street.

Amend title of Section 3.10 and add Section 3.10.4 (EXHIBIT "B")

- **Adding:** A 14-foot red zone to the Northwest corner of Clark Avenue and F Street.
- **Description:** A no-parking, anytime zone on the Northwestern corner of Clark and F Street commencing at a point 32 feet west of the centerline of F Street, extending Northerly 14 feet.
- **Reason:** By not allowing vehicles to park on the corners of Clark and F street will improve the line of sight for vehicles to turn into Clarke Avenue safely and two vehicles at the same time enter and exit the arterial safely.

Add Section 3.10.5 (EXHIBIT "B")

- **Adding:** A 20-foot red zone to the Northeast corner of Clark Avenue and F Street.
- **Description:** A no-parking, anytime zone on the Northwestern corner of Clark and F Street commencing at a point 32 feet west of the centerline of F Street, extending Northerly 20 feet.

- **Reason:** By not allowing vehicles to park on the corners of Clark and F street will improve the line of sight for vehicles to turn into Clarke Avenue safely and two vehicles at the same time enter and exit the arterial safely

Section 5.4, Two Hours, Every day, 8:00 AM to 6:00 PM

Add Section 5.4.15 F Street Southerly side (EXHIBIT "B")

- **Adding:** A 80-foot 2 Hour parking zone on the south side of F Street, (Establish parking Area that fronts Italian Cemetery Main Office, 540 F Street)
- **Description:** Commencing at a point 20 feet East of the main driveway entrance to the Italian Cemetery and extending easterly direction on F Street 80 feet. (the limited parking zone fronts the Italian Cemetery Main Office)
- **Reason:** To provide limited parking for patrons and guests who will be visiting the Italian Cemetery

Section 5.6, Four Hours, Weekdays, 8:00 a.m.-5:00 p.m.

Add Section 5.6.22 Northside of F Street (EXHIBIT "B")

- **Adding:** A four-hour parking zone on the North side of F Street from Clark Avenue to 601 F Street (Town Corporation Yard).
- **Description:** Commencing from the centerline of Clark Avenue 50 feet in an easterly direction and traveling 700 feet
- **Reason:** To provide daytime parking for visitors to the Sterling Park Neighborhood.

Add Section 5.6.23 Southside of F Street (EXHIBIT "B")

- **Adding:** A four-hour parking zone on the Southside of F Street adjacent to the 2-hour parking zone that fronts the Italian Cemetery
- **Description:** Commencing 100 feet from the Eastside of the Main Driveway entrance to the Italian Cemetery (540 F Street) and traveling East 567 feet.
- **Reason:** To provide daytime parking for visitors to the Sterling Park Neighborhood.

Amend Section 7.2 "Restricted Truck Parking"

Reason: Maintaining commercial parking privileges on F Street between Clark and 601 F Street when the rest of the Sterling Park Neighborhood restricts commercial parking of vehicles greater than is prohibited. Removing commercial parking from this portion of F Street will help provide added overflow parking to those who reside in the Sterling Park residential neighborhood.

Revise to read as: ~~Except as provided in paragraph 7.4 of this section,~~ Standing or parking of commercial vehicles having a manufacturers' gross vehicle weight rating of

10,000 pounds or more is hereby prohibited on any street, or portion thereof, in a residential district, which shall include all residential zoned areas in the Town of Colma, including all of Clark Street, B Street, C Street, D Street, E Street and F Street, ~~except for on F Street between Clark Street and the Colma Corporation Yard (601 F Street)~~ in the Town of Colma. This restriction shall not be effective with respect to any commercial vehicle making pick-ups or deliveries of goods, wares, and merchandise from or to any building or structure located on the restricted streets or highways, or for the purpose of delivering materials to be used in the actual and bona fide repair, alteration, remodeling, or construction of any building or structure upon the restricted streets or highways for which a building permit has previously been obtained.

Remove Section 7.4 Limited Parking on F Street Between Clark Street and 601 F Street

~~Limited Parking Allowed on F Street Between Clark Street and 601 F Street~~

~~Notwithstanding anything in this Parking Code, standing, stopping or parking commercial vehicles shall be allowed on F Street between Clark Street and 601 F Street for the following:~~

~~7.4.1 A vehicle with a manufacturers' gross vehicle weight rating of 12,000 pounds or less parked between 2 PM and 8 AM Monday through Friday;~~

~~7.4.2 A vehicle with a manufacturers' gross vehicle weight rating of 12,000 pounds or less that is registered to a Qualified Resident and parked overnight.~~

Reason: Amending Section 7.2 of the Colma Parking Code to prohibit commercial parking on F Street Clark and 601 F Street makes Section 7.4 obsolete.

COUNCIL ADOPTED VALUES

The City Council is exhibiting a *FAIR* approach to allow both residents and businesses to share in designated permitted and non-permitted parking areas within the Town of Colma.

ALTERNATIVES

The City Council could modify the staff recommended additions or changes to the Town of Colma Parking Code.

CONCLUSION

Staff recommends that City Council adopt a resolution amending the Colma Parking Code as modified in the attached Resolution (Exhibit A).

ATTACHMENTS

- A. Resolution
- B. Map of the revised parking zones on F Street/Clark Ave.
- C. Vehicle Weight Classifications



**RESOLUTION NO. 2018-___
OF THE CITY COUNCIL OF THE TOWN OF COLMA**

**RESOLUTION AMENDING
THE COLMA PARKING CODE RELATING TO THE
STOPPING, STANDING OR PARKING OF VEHICLES IN VARIOUS LOCATIONS WITHIN
THE TOWN OF COLMA**

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

ARTICLE 1. AMENDING SECTION 2.2 OF THE COLMA PARKING CODE

Section 2.2 is hereby amended to read as follows:

2.2 Timed Parking in Preferential Parking Zone

The standing, stopping, or parking of vehicles for more than two hours between 8:00 AM and 9:00 PM from Monday through Friday, inclusive, except holidays, is prohibited in a preferential parking zone except for:

2.1.1 a vehicle with an unexpired permit validly issued pursuant to this ordinance, which is prominently displayed in the manner provided herein; and

2.1.2 a vehicle that is exempt under subsection below entitled "Exemptions"; ~~and~~

~~2.1.3 a commercial vehicle parked on F Street, as provided in section 7.4 below.~~

ARTICLE 2. AMENDING SECTION 3.3 TO THE COLMA PARKING CODE

Section 3.3 is hereby amended to add new subsections 3.3.13 through 3.3.16 to read as follows:

3.3.13. A no parking, anytime zone on the northwestern corner of F Street and Clark Avenue commencing at point 30 feet west of the centerline of Clark Avenue, extending westerly 20 feet.

3.3.14. 3.3.16. A no parking, anytime zone, to the westside of the main entrance to the Italian Cemetery, located at 540 F Street, commencing from the westside of the main driveway entrance to the Italian Cemetery and traveling west for 20 feet.

ARTICLE 3. AMENDING SECTION 3.10 OF THE COLMA PARKING CODE

Subsection 3.10 of the Colma Parking Code is hereby amended by amending the title and adding subsection 3.10.4 through 3.10.5 to read as follows:

3.10 No-parking, anytime Zones on Serramonte, Lawndale, ~~and~~ Junipero Serra Boulevards and Clark Avenue

3.10.4. A no parking, anytime zone on the northwestern corner of F Street and Clark Avenue commencing at point 30 feet west of the centerline of Clark Avenue, extending westerly 20 feet.

3.10.5 A no parking, anytime zone on the northeastern corner of F Street and Clark Avenue commencing at a point 30 feet East of the centerline of Clark Avenue, extending Easterly 20 feet.

ARTICLE 4. ADDING NEW SUBSECTION 5.4.15 TO THE COLMA PARKING CODE

Subsection 5.4.15, "F Street, southerly Side" is hereby added to read as follows:

F Street, Southerly Side

5.4.15. A two-hour zone on the southerly side of F Street commencing at a point 20 feet east of the main driveway entrance to the Italian Cemetery and extending easterly direction on F Street 80 feet (the limited parking zone fronts the Italian Cemetery Main Office).

ARTICLE 5. ADDING NEW SUBSECTIONS 5.6.22 AND 5.6.23 TO THE COLMA PARKING CODE

Subsection 5.6.22 and 5.6.23 are hereby added to read as follows:

F Street, Northerly Side

5.6.22. A four-hour zone on the northerly side of F Street, from Clark Avenue to 601 F Street (Town Corporation Yard) between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except holidays, commencing from the centerline of Clark Avenue 50 feet in a easterly direction and traveling 700 feet.

F Street, Southerly Side

5.6.23. A four-hour zone on the southerly side of F Street, between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except holidays, commencing 100 feet from the eastside of the main driveway entrance to the Italian Cemetery and traveling east 567 feet.

ARTICLE 6. AMENDING SECTION 7.2 OF THE COLMA PARKING CODE

Section 7.2 is hereby amended to read as follows:

7.2 Restricted Truck Parking

Except as provided in paragraph 7.4 of this section, standing or parking of commercial vehicles

having a manufacturers' gross vehicle weight rating of 10,000 pounds or more is hereby prohibited on any street, or portion thereof, in a residential district, which shall include all residential zoned areas in the Town of Colma, including all of Clark Street, B Street, C Street, D Street, E Street and F Street, ~~except for on F Street between Clark Street and the Colma Corporation Yard (601 F Street)~~ in the Town of Colma. This restriction shall not be effective with respect to any commercial vehicle making pick-ups or deliveries of goods, wares, and merchandise from or to any building or structure located on the restricted streets or highways, or for the purpose of delivering materials to be used in the actual and bona fide repair, alteration, remodeling, or construction of any building or structure upon the restricted streets or highways for which a building permit has previously been obtained.

ARTICLE 7. AMENDING SECTION 7.4 OF THE COLMA PARKING CODE

Section 7.4 of the Colma Parking Code is hereby deleted in its entirety as follows:

~~7.4 — Limited Parking Allowed on F Street Between Clark Street and 601 F Street~~

~~Notwithstanding anything in this Parking Code, standing, stopping or parking commercial vehicles shall be allowed on F Street between Clark Street and 601 F Street for the following:~~

~~7.4.1 A vehicle with a manufacturers' gross vehicle weight rating of 12,000 pounds or less parked between 2 PM and 8 AM Monday through Friday;~~

~~7.4.2 A vehicle with a manufacturers' gross vehicle weight rating of 12,000 pounds or less that is registered to a Qualified Resident and parked overnight.~~

SEVERABILITY

Each of the provisions of this resolution is severable from all other provisions. If any article, section, subsection, paragraph, sentence, clause or phrase of this resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this resolution.

NOT A CEQA PROJECT

The City Council finds that adoption of this resolution is not a "project," as defined in the California Environmental Quality Act because it does not have a potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment and concerns general policy and procedure making.

EFFECTIVE DATE

This resolution shall take effect immediately, with the stopping, standing and parking regulations contained herein to take effect when signs or markings are installed giving adequate notice to the public consistent with California Vehicle Code Section 22507.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-__ was duly adopted at a regular meeting of said City Council held on February 28, 2018 by the following vote:

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

Dated _____

Raquel Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk

Parking Code Changes - Exhibit B

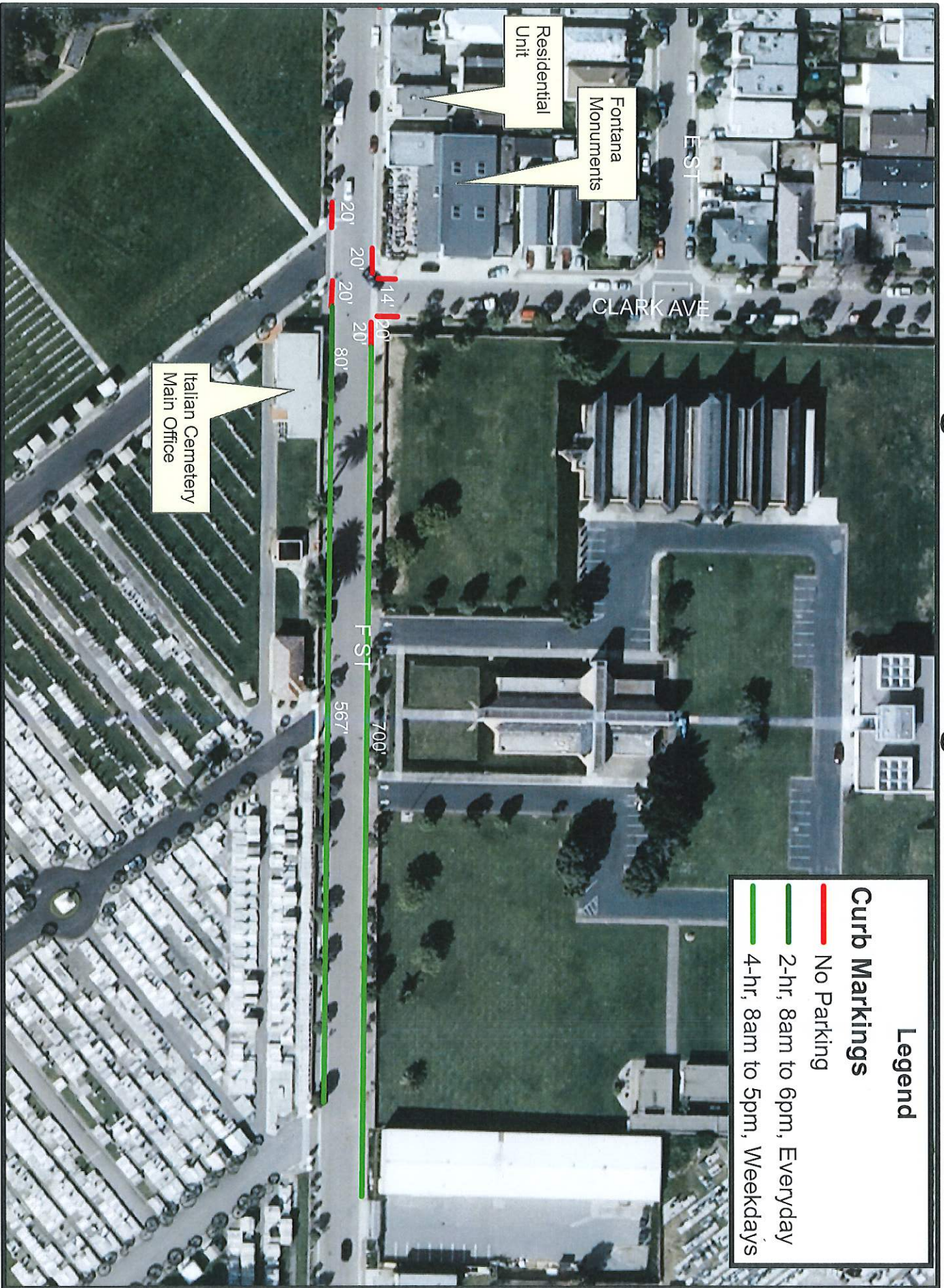




EXHIBIT C



TRUCK CLASSIFICATIONS

CLASS 1 6,000 lbs or less



MINIVAN



CARGO VAN



SUV



PICKUP TRUCK

CLASS 2 6,001 to 10,000 lbs



MINIVAN



CARGO VAN



FULL-SIZE PICKUP



STEP VAN

CLASS 3 10,001 to 14,000 lbs



WALK-IN



BOX TRUCK



CITY DELIVERY



HEAVY-DUTY PICKUP

CLASS 4 14,001 to 16,000 lbs



LARGE WALK-IN



BOX TRUCK



CITY DELIVERY

CLASS 5 16,001 to 19,500 lbs



BUCKET TRUCK

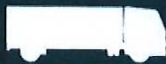


LARGE WALK-IN



CITY DELIVERY

CLASS 6 19,501 to 26,000 lbs



BEVERAGE TRUCK



SINGLE-AXLE



SCHOOL BUS



RACK TRUCK

CLASS 7 26,001 to 33,000 lbs



REFUSE



FURNITURE



CITY TRANSIT BUS



TRUCK TRACTOR

CLASS 8 33,001 to REALLY HUGE



CEMENT TRUCK



TRUCK TRACTOR



DUMP TRUCK



SLEEPER CAB





STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Michael Laughlin, City Planner, CSG Consultants
 Christopher Diaz, City Attorney
 VIA: Brian Dossey, City Manager
 MEETING DATE: February 28, 2018
 SUBJECT: Transient Occupancy Tax (TOT) Ballot Measure

RECOMMENDATION

Staff recommends that the City Council adopt:

RESOLUTION CALLING FOR THE PLACEMENT OF A GENERAL TAX MEASURE TO BE HELD AT THE NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF A PROPOSED ORDINANCE ENACTING A _____ PERCENT (___%) TRANSIENT OCCUPANCY TAX ON HOTEL OCCUPANCIES WITHIN THE TOWN OF COLMA UNTIL ENDED BY VOTERS, AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 6, 2018 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE SAME DATE PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE

RESOLUTION PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS REGARDING A TOWN MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS AT THE NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION

EXECUTIVE SUMMARY

At a study session on October 25, 2017, the City Council directed staff to prepare the necessary documents to submit to the voters an initiative measure to establish a Transient Occupancy Tax in Colma. The attached resolutions will initiate the ballot measure process, and include the text of the ordinance that the voter's will consider.

FISCAL IMPACT

If approved by voters and if a hotel is developed in Colma, the TOT would provide a fiscal benefit to the Town. Assuming a moderate type hotel of about 100 rooms at 70% occupancy and an average room rate of \$125, this would equate to an annual budget increase of about \$319,000 at a 10% tax rate. There will be a fiscal impact for placing the measure on the ballot. Staff estimates costs required to be paid to the County Clerk at or less than \$10,000.

ANALYSIS

As part of the City Council's Strategic Plan, the City Council has identified the establishment of a TOT as an activity that will allow the Town to generate tax revenue from occupancy at Colma hotels, if they are developed in the future.

California Revenue and Taxation Code Section 7280 authorizes cities to levy a TOT on transient guests for the privilege of occupying a hotel. The tax was originally designed to compensate local government for the increased public service costs incurred by serving local tourists. There is no cap on the tax rate for a TOT under State law; however, any new or increased TOT requires voter approval under Proposition 218.

For a general TOT (a tax imposed for general government purposes), a simple majority (50% plus one vote) approval is required. For a special TOT (a tax imposed for special purposes, including taxes imposed for specific purposes and placed into a general fund), 2/3 voter approval is required. Staff recommends that the Council consider a general TOT because only a simple majority vote is required to approve the tax. With Colma's small voting population, a 2/3 supermajority may be difficult to achieve.

If approved by the voters, the TOT would be applied to all charges for any "transient occupancy" (guest stay) lasting 30 consecutive days or less in a Colma hotel. Hotels that operate in Colma would be required to collect TOT tax from the "transient" (guest) as part of the bill and remit that tax directly to the Town with a tax return for verification purposes, similar to way that Lucky Chances does for their casino use. Many California cities have TOT's, so this collection/remittance process has become standard hotel business practice.

In order to place a measure on the November 6, 2018 ballot, the City Council will need to consider the text of the measure, establish a tax rate, and take an action by a 2/3 vote (4 affirmative votes), to place the measure on the ballot. If the City Council approves placement of the ballot measure, it would then be forwarded to the County Registrar by the City Clerk in time for the November election. If approved by voters, the provisions of the tax will be placed in the Municipal Code.

TOT tax rates vary by jurisdiction in San Mateo County. The rates range from 10% in Daly City and South San Francisco, and 12% for a majority of northern San Mateo County jurisdictions. At the study session, the City Council discussed an initial TOT percentage of 10%. Staff is recommending that the City Council consider the higher 12% rate, primarily due to the potential increase in police calls for service that occur with a hotel. The City Council should consider and agree upon a rate to insert into the ballot measure.

Given recent legal developments with Internet bookings and the “sharing economy”, the proposed ballot measure includes modern terminology to ensure that the TOT is fully and fairly applied to all “transient occupancies”, whether they are booked directly with the hotel, through an online travel company (OTC), or through Air B&B, VRBO and other short-term rental websites.

The proposed ordinance establishing the TOT tax is placed on the ballot by adopting the attached resolutions. The proposed resolutions also include a maximum 75-word ballot question that states the nature of the measure to be voted upon.

To summarize, the three resolutions do the following:

- The first resolution states the Council’s desire to place the ballot measure on the ballot, and indicates the desired wording of the ballot question. This resolution is required to be adopted by a 2/3 super-majority of the City Council. This resolution directs the City Attorney to prepare an impartial analysis, and directs the City Clerk to transmit a certified copy of the resolution and support information to the County Clerk. The resolution contains the ordinance that will be considered by the voters. If the ballot measure passes, the ordinance would then become codified into the Municipal Code after the election. If the ballot measure fails, the ordinance does not go into effect.
- The second resolution requests San Mateo County to consolidate the TOT measure with the November Statewide General Election. These are standard requests and rules for local measures which must be submitted in accordance with the County’s guidelines because this will be a consolidated election. (Elections Code § 9286(b)). This resolution also states the Town’s obligation to reimburse the County for election costs associated with this ballot measure.
- The third resolution allows for the filing of arguments and rebuttals to the City Clerk and includes authorization for the Mayor and Vice Mayor to select such persons who will sign the ballot arguments/rebuttals regarding the measure on behalf of the City Council. The City Clerk will then transmit these arguments to the County Clerk.

Council Adopted Values

Consideration of a TOT ballot measure is consistent with the Council value of *responsibility* because it considers the long-term economic stability and diversity of the Town. Consideration of the TOT ballot measure is also an action item in the current strategic plan.

Sustainability Impact

N/A

Alternatives

The following options are available to the City Council:

1. Direct staff to make any changes to the ballot question, TOT ordinance and establish the proposed tax rate (recommended between 10% to 12%).

2. Do not proceed with a proposed ballot measure to establish a TOT. This alternative is not recommended since it could cause a delay in the development of a hotel in Colma if a TOT has not been established in advance.

CONCLUSION

It is recommended that the City Council adopt the series of three resolutions to place a TOT ballot measure on the November 6, 2018 ballot.

ATTACHMENTS

- A. Resolution calling for the placement of a general tax measure to be held at the November 6, 2018 General Municipal Election for the submission to the qualified voters of a proposed ordinance enacting a _____ percent (___%) transient occupancy tax on hotel occupancies within the Town of Colma until ended by voters, and directing the City Attorney to prepare an impartial analysis.
- B. Resolution requesting the Board of Supervisors of San Mateo County to consolidate a General Municipal Election to be held on November 6, 2018 with the Statewide General Election to be held on the same date pursuant to Section 10403 of the Elections Code.
- C. Resolution providing for the filing of primary and rebuttal arguments and setting rules for the filing of written arguments regarding a Town measure to be submitted to the qualified voters at the November 6, 2018 General Municipal Election

RESOLUTION NO. 2018-_____
OF THE CITY COUNCIL OF THE TOWN OF COLMA

RESOLUTION CALLING FOR THE PLACEMENT OF A GENERAL TAX MEASURE TO BE HELD AT THE NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION FOR THE SUBMISSION TO THE QUALIFIED VOTERS OF A PROPOSED ORDINANCE ENACTING A _____ PERCENT (____%) TRANSIENT OCCUPANCY TAX ON HOTEL OCCUPANCIES WITHIN THE TOWN OF COLMA UNTIL ENDED BY VOTERS, AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

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

Background

- (a) In 2012, the Town commissioned Bay Area Economics (BAE) to prepare an economic study for the Town. The study recommended that the Town consider other types of businesses, including hotels, to diversify revenue types coming into the general fund. The Town's general fund is currently heavily dependent on sales tax revenue.
- (b) The addition of hotels to Colma will benefit local businesses such as the cardroom and cemeteries by providing lodging in close proximity to them, and may encourage visitors to stay within the Town for more than just a few hours.
- (c) Transient Occupancy Tax revenue generated by hotels will be used to maintain and improve existing services provided by the Town including police, street maintenance and repair, and sewer line maintenance and repair.
- (d) Pursuant to Section 9222 of the California Elections Code, the City Council has authority to place measures/propositions on the ballot to be considered by local voters at a municipal election. For the reasons set forth above, the Town Council would like to submit to the voters a measure enacting a _____ percent (____%) transient occupancy tax ("TOT") on hotel occupancies within the Town of Colma.
- (e) The TOT is a general tax the proceeds of which would be placed in the Town's general fund. The general fund pays for important Town services such as police services, street operations, improvement and maintenance, parks and recreation services and general municipal services to the public.
- (f) On November 6, 1996, the voters of the State of California approved Proposition 218 (California Constitution, Article XIII C), an amendment to the State Constitution which requires that all general taxes which are imposed, extended or increased must be approved by a majority of voters voting at an election called for that purpose.
- (g) Pursuant to Proposition 218, any general tax measure submitted to the voters must be consolidated with a regularly scheduled general election for members of the City Council. The next regularly scheduled general election at which City Council members are to be elected is November 6, 2018.

(h) Pursuant to Government Code Section 53724 ("Proposition 62"), a two-thirds (2/3) vote of all members of the City Council (four affirmative votes) is required to place the Measure on the November 6, 2018 ballot.

Order

(a) Findings. The City Council finds that all of the preceding background facts are true and correct and are hereby incorporated and adopted as findings and determinations by the City Council as if fully set forth herein.

(b) Submission of Measure. Pursuant to Elections Code §9222, Government Code §53724 and any other applicable requirements of the laws of the State of California relating to general law cities, the City Council, **by a two-thirds (2/3) supermajority vote**, hereby orders the ordinance attached hereto as Exhibit "A" and by this reference incorporated herein and made an operative part hereof, to be submitted to the voters of the Town at the General Municipal Election to be held on **Tuesday, November 6, 2018**.

(c) The ballot measure shall be presented and printed upon the ballot submitted to the voters in the manner and form set forth in this paragraph. On the ballot to be submitted to the qualified voters at the Town General Municipal Election to be held on Tuesday, November 6, 2018, in addition to any other matters required by law, there shall be printed substantially the following:

<p>"Colma Transient Occupancy ("Hotel") Tax Measure. To maintain and improve general Town services, such as police service levels, street operations and maintenance, as well as parks, community buildings and infrastructure; shall the Town of Colma adopt an ordinance establishing a _____% Transient Occupancy ("Hotel") Tax generating approximately \$ 319,000 annually until ended by voters, if a hotel is developed, requiring annual audits and no tax rate increase without voter approval?"</p>	<p>YES</p>
<p>[67 words]</p>	<p>NO</p>

(d) Conduct of Election. The City Clerk is authorized, instructed and directed to procure and furnish any and all official ballots, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election. In all particulars not recited in this Resolution, the election shall be held and conducted as provided by law for holding municipal elections.

(e) Notice of Election. Notice of the time and place of holding the election is hereby given, and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

(f) Impartial Analysis. Pursuant to California Elections Code §9280, the City Council hereby directs the City Clerk to transmit a copy of the measure as set forth herein to the City Attorney.

The City Attorney shall prepare an impartial analysis of the measure, not to exceed 500 words in length, showing the effect of the measure on the existing law and the operation of the measure, and transmit such impartial analysis to the City Clerk within fourteen (14) days following the adoption of this Resolution. The impartial analysis shall include a statement indicating whether the Measure was placed on the ballot by a petition signed by the requisite number of voters or by the City Council. In the event the entire text of the Measure is not printed on the ballot, or in the voter information portion of the sample ballot, there shall be printed immediately below the impartial analysis, in no less than 10-font bold type, the following: **"The above statement is an impartial analysis of Ordinance or Measure ____". If you desire a copy of the ordinance or measure, please call the election official's office at (650) 363-4988 and a copy will be mailed at no cost to you."**

- (g) Certification. The City Clerk shall certify to the adoption of this Resolution.
- (h) Filing with County. The City Clerk shall, not later than the 88th day prior to the General Municipal Election to be held on Tuesday, November 6, 2018, file with the Board of Supervisors and the County Clerk – Registrar of Voters of the County of San Mateo, State of California, a certified copy of this Resolution.
- (i) Public Examination. Pursuant to California Elections Code §9295, this measure will be available for public examination for no fewer than ten (10) calendar days prior to being submitted for printing in the sample ballot. The examination period will end on the day that is seventy-five (75) days prior to the date set for the election. The Clerk shall post notice in the Clerk's office of the specific dates that the examination period will run.

3. Effective Date

This resolution shall take effect immediately.

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Certification of Adoption

I certify that the foregoing Resolution No. 2018-___ was duly adopted at a regular meeting of the City Council of the Town of Colma held on February 28, 2018 by the following vote:

	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne F. del Rosario					
John Irish Goodwin					
Diana Colvin					
Helen Fisicaro					
<i>Voting Tally</i>					

Dated _____

Raquel "Rae" Gonzalez, Mayor

Attest: _____

Caitlin Corley, City Clerk

ORDINANCE NO. [REDACTED]
OF THE PEOPLE OF THE TOWN OF COLMA

MEASURE "[REDACTED]"

ORDINANCE ADDING COLMA MUNICIPAL CODE CHAPTER 7.04 ENACTING A [REDACTED] PERCENT ([REDACTED]%) TRANSIENT OCCUPANCY TAX ON HOTEL OCCUPANCIES WITHIN THE TOWN OF COLMA UNTIL ENDED BY VOTERS

The People of the Town of Colma does ordain as follows:

ARTICLE 1. RECITALS.

(a) In 2012, the Town commissioned Bay Area Economics (BAE) to prepare an economic study for the Town. The study recommended that the Town consider other types of businesses, including hotels, to diversify revenue types coming into the general fund. The Town's general fund is currently heavily dependent on sales tax revenue.

(b) The addition of hotels to Colma will benefit local businesses such as the cardroom and cemeteries by providing lodging in close proximity to them, and may encourage visitors to stay within the Town for more than just a few hours.

(c) Transient Occupancy Tax revenue generated by hotels will be used to maintain and improve existing services provided by the Town including police, street maintenance and repair, and sewer line maintenance and repair.

(d) After careful consideration, the City Council has determined that the best means to address the funding issues outlined above is for the Town to enact a [REDACTED] percent ([REDACTED]%) transient occupancy tax ("TOT") on hotel occupancies within the Town of Colma.

(e) Pursuant to California Proposition 218 (Calif. Const. Article XIII C, Sec. 2(b)), any new, increased or extended local general tax requires majority approval of Colma voters voting at an election called for that purpose.

(f) On [REDACTED], 2018 the City Council adopted Resolution No. 2018-[REDACTED] placing this ordinance on the November 6, 2018 general municipal election ballot to submit to Colma voters the question of enacting a [REDACTED] percent ([REDACTED]%) transient occupancy tax ("TOT") on hotel occupancies within the Town of Colma.

(g) As stated in more detail herein, this Ordinance will become effective only upon its approval by a majority of Colma voters voting at the November 6, 2018 election.

ARTICLE 2. INCORPORATION OF RECITALS.

The City Council hereby finds that all of the foregoing recitals and the staff report presented herewith are true and correct and are hereby incorporated and adopted as findings of the City Council as if fully set forth herein.

ARTICLE 3. CMC CHAPTER 7.04 ADDED.

Chapter 7.04 shall be and hereby is added to the Colma Municipal Code as follows:

“Chapter 7.04

TRANSIENT OCCUPANCY TAX

Section:

- 7.04.010 Short Title
- 7.04.020 Definitions
- 7.04.030 Tax Rate, Payment
- 7.04.040 Exemptions
- 7.04.050 Operator Duties
- 7.04.060 Registration
- 7.04.070 Third Party Rental Transactions
- 7.04.080 Reporting and Remitting
- 7.04.090 Delinquency, Penalties and Interest
- 7.04.100 Failure to Collect and Report
- 7.04.110 Appeal
- 7.04.120 Records
- 7.04.130 Refunds
- 7.04.140 Debt to Town/Actions to Collect
- 7.04.150 Use of Tax Proceeds
- 7.04.160 Independent Audit of Tax Collection, Exemption, Remittance, and Expenditure
- 7.04.170 Amendment or Repeal – Adjustment of Taxing Rate or Methodology
- 7.04.180 Violations; Misdemeanor
- 7.04.190 Sunset of Tax
- 7.04.200 Independent Citizens’ Advisory Committee

7.04.010 Short Title.

This chapter shall be known as the Town of Colma Transient Occupancy Tax Ordinance.

7.04.020 Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

- A. *Hotel* means any structure, or any portion of any structure, in the Town of Colma, which is occupied or intended or designed for occupancy by transients for dwelling,

lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof, even if such structure is also used for other purposes, including residential purposes.

- B. *Occupancy* means the use or possession, or the right to the use or possession of any room or rooms or portion thereof in any hotel for dwelling, lodging or sleeping purposes, whether or not the person entitled to the use or possession actually uses or possesses such room or rooms or portion thereof. The use or possession or right to use or possess any room or any suite of connecting rooms as office space, banquet or private dining rooms, or as exhibition, sample or display space shall not be considered "occupancy" unless the person uses or possesses, or has the right to use or possess all or any portion of such room or suite of rooms for dwelling, lodging or sleeping purposes.
- C. *Online Short Term Rental Company* shall mean any person, whether operating for profit or not for profit, which facilitates the connection between transient and operator to purchase occupancy in any hotel via the Internet, or by similar electronic means.
- D. *Online Travel Company* shall mean any person, whether operating for profit or not for profit, which enables transients to purchase occupancy in a hotel via the Internet, or by similar electronic means.
- E. *Operator* means a person who is the proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee, seller, reseller, or any other capacity. Where the operator performs his functions through a managing agent or booking agent of any type or character, other than an employee, the managing agent or booking agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his principal. Full compliance with the provisions of this chapter by either the principal or the managing agent or booking agent shall, however, be considered to be compliance by both.
- F. *Person* shall mean any individual, firm, partnership, joint venture, association, social club, fraternal organization, joint stock company, corporation, estate, trust, business trust, receiver, trustee, syndicate, or any other group or combination acting as a unit.
- G. *Rent* means the total consideration charged to the transient, including but not limited to, room rates, service charges, parking fees, purchase price, advance registration, block or group reservation charges, assessments, retail markup, commission, processing fees, cancellation charges, attrition fees, or online booking or broker fees, whether charged by an operator or a rental agent, whether or not received, for occupancy in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever. Nothing in this definition shall be construed to mean that rent is charged directly or indirectly for occupancy in a hotel when a room is provided to the transient as a compliment for the operator and where no consideration is charged to or received from any other person. Further, bona fide charges for food and beverages which are subject to tax under the California Sales and Use Tax Law

(Revenue and Taxation Code Sections 6001 et. seq.) shall not be deemed rent subject to the tax imposed by this chapter.

- H. *Rental agent* means any person other than an operator who collects rent from a transient for the transient's occupancy of a hotel, including but not limited to an online travel company or an online short term rental company.
- I. *Tax administrator* means the Town director of finance, or his or her designee.
- J. *Transient* means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of 30 consecutive calendar days or less, counting portions of calendar days as full days. The following rules shall apply to this definition:
 - 1. Any such person so occupying or entitled to occupy a room in a hotel shall be deemed to be a transient until the period of 30 calendar days has expired. In the event a person exercises or is entitled to occupancy for a continuous and uninterrupted period of longer than 30 calendar days, he or she shall be deemed a transient and subject to the tax for only the first 30 calendar days of occupancy and shall cease being a transient and the tax shall not apply on the 31st calendar day of occupancy and following. However, any break or interruption in occupancy shall start a new 30-day period subject to the tax.
 - 2. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of this chapter may be considered.
 - 3. Any person who exercises or is entitled to occupancy for a period of 30 consecutive calendar days or less shall be deemed to be a transient for that period, regardless of whether the reservation and/or payment for occupancy is made directly by the person exercising or entitled to occupancy or by another person. The intent is to tax the person exercising occupancy or having the entitlement to occupancy of a hotel room.

7.04.030 Tax Rate, Payment.

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of percent (%) of the rent paid by the transient. This tax constitutes a debt owed by the transient to the Town which is extinguished only by payment to the operator, the Town or to a rental agent pursuant to Section 7.04.070. The transient shall pay the tax to the operator or rental agent at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing occupancy. If for any reason the tax due is not paid to the operator or rental agent, the tax administrator may require that such tax shall be paid directly to the tax administrator.

7.04.040 Exemptions.

- A. No tax levied under this chapter shall be imposed upon the following:
1. Any person as to whom, or any occupancy as to which, it is beyond the power of the Town to impose the tax.
 2. Any federal or State of California officer or employee when occupying a room while on official government business. For purposes of this section, students, non-employee supporters and volunteers of California public universities and colleges shall not be deemed to be officers or employees of the State of California.
 3. Any officer or employee of a foreign government who is exempt by reason of express provision of federal law or international treaty.
- B. No exemption shall be granted except upon a claim therefor made at the time rent is collected and under penalty of perjury upon a form prescribed by the tax administrator. Any federal or State of California officer or employee when on official government business claiming such an exemption shall provide to the operator as conclusive evidence that his or her occupancy is for the official business of his or her employer:
1. Travel orders from his or her government employer; or a government warrant issued by his or her employer to pay for the occupancy; or a government credit card issued by his or her employer to pay for the occupancy; and
 2. proof of his or her governmental employment as an employee or officer as described in paragraph (1) of this subsection B, and proof, consistent with these provisions, that his or her occupancy is for the official business of his or her governmental employer.

It shall be the duty of an operator to keep and maintain for a period of three years written documentation in support of each exemption granted under this section.

7.04.050 Operator Duties.

Each operator shall collect the tax imposed by this chapter to the same extent and at the same time as the rent is collected from every transient. The amount of tax shall be separately stated from the amount of the rent charged, and each transient shall receive a receipt for payment from the operator. No operator shall advertise or state in any manner, whether directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the operator or that it will not be added to the rent or that, if added, any part will be refunded, except in the manner provided in this chapter.

7.04.060 Registration.

Within 30 days after commencing business, each operator of a hotel renting occupancy to transients shall register the hotel with the tax administrator and obtain from him or her a

transient occupancy registration certificate to be at all times posted in a conspicuous place on the premises. This certificate shall, among other things, state the following:

- A. The name of the operator.
- B. The address of the hotel.
- C. The date upon which the certificate was issued.
- D. That the transient occupancy registration certificate signifies that the person named on the face thereof has fulfilled the requirements of this chapter by registering with the tax administrator for the purpose of collecting from transients the transient occupancy tax and remitting such tax to the tax administrator, and that such certificate does not authorize any person to conduct any unlawful business or to conduct any lawful business in an unlawful manner nor to operate a hotel without strictly complying with all local applicable laws, including but not limited to those requiring a permit from any board, commission, department or office of this Town, that such certificate does not constitute a permit and is not transferable to a different operator.

7.04.070 Third Party Rental Transactions.

- A. Any transient who pays rent to a rental agent instead of to an operator shall, at the time the rent is paid, pay the tax to the rental agent in the manner required by section 7.04.030. If for any reason the tax is not paid to the rental agent, it shall be paid to the operator before the transient has ceased occupancy in the hotel or paid directly to the tax administrator pursuant to section 7.04.030. Any transient seeking a refund under section 7.04.130 of taxes paid to a rental agent must establish that the transient has been unable to obtain a refund from the rental agent who collected the tax.
- B. Any rental agent who collects rent shall comply with all obligations of the operator set forth in sections 7.04.050 and 7.04.120 of this chapter. The rental agent shall remit all collected taxes to the operator before the deadline for the operator to remit the taxes to the tax administrator under section 7.04.080, and the rental agent shall provide the operator with copies of all records required to be maintained by the operator pursuant to section 7.04.120 of this chapter, including records necessary for the operator to comply with its obligations under this chapter.
- C. If the tax administrator determines that a rental agent has failed to collect, remit, or report any tax, the tax administrator may take any action against the rental agent that he or she may take against an operator under sections 7.04.090 and 7.04.100 of this chapter subject to the requirements of those sections. If the tax administrator assesses unremitted taxes and penalties against the rental agent, the rental agent shall be subject to the provisions of sections 7.04.100, 7.04.110, 7.04.130 and 7.04.140 of this chapter as if it were an operator. Nothing in this section shall prohibit the tax administrator from assessing the full amount of any unremitted taxes and penalties solely against the operator in lieu of assessing some or all of those taxes and penalties against the rental agent.

7.04.080 Reporting and Remitting.

Each operator on or before the last day of the month following the close of each calendar quarter, or at the close of any shorter reporting period which may be established by the tax administrator shall make a return to the tax administrator, on forms provided by him, of the total rents charged and received and the amount of tax collected for transient occupancies. If no tax was due or collected during the previous reporting period, the operator shall file a return so stating under penalty of perjury. At the time the return is filed, the full amount of the tax collected shall be remitted to the tax administrator. The tax administrator may establish shorter reporting periods for any certificate holder if he or she deems it necessary in order to ensure collection of the tax, and he may require further information in the return. Returns and payments are due immediately upon cessation of business for any reason. All taxes collected by operators pursuant to this chapter shall be held in trust for the account of the Town until payment thereof is made to the tax administrator.

7.04.090 Delinquency, Penalties and Interest.

- A. *Original delinquency.* Any operator who fails to remit any tax imposed by this chapter within the time required shall pay a penalty of ten percent of the amount of the tax, in addition to the amount of the tax.
- B. *Continued delinquency.* Any operator who fails to remit any delinquent remittance on or before a period of 30 days following the date on which the remittance first became delinquent shall pay a second delinquency penalty of ten percent of the amount of the tax, in addition to the amount of the tax and the ten percent penalty first imposed.
- C. *Fraud or Misrepresentation.* If the tax administrator determines that the nonpayment of any remittance due under this chapter is due to intentional conduct, misrepresentation or fraud, a penalty of 25 percent of the amount of the tax shall be added thereto in addition to the penalties stated in subsections A and B of this section.
- D. *Interest.* In addition to the penalties imposed, any operator who fails to remit any tax imposed by this chapter shall pay interest at the maximum rate allowable by law per month or fraction thereof on the amount of the tax, exclusive of penalties, from the date on which the remittance first became delinquent until paid.
- E. *Penalties merged with tax.* Every penalty imposed and such interest as accrues under this section shall become a part of the tax required to be paid.

7.04.100 Failure to Collect and Report.

If any operator shall fail or refuse to collect the tax imposed pursuant to this chapter and to make, within the time provided in this chapter, any report and remittance of this tax or any portion thereof required by this chapter, the tax administrator shall proceed in such manner as he or she may deem best to obtain facts and information on which to base his estimate of the tax due. As soon as the tax administrator shall procure such facts and information as he or she is able to obtain upon which to base the assessment of any tax imposed by this chapter and payable by any operator who has failed or refused to collect the tax and to make such report

and remittance, he or she shall proceed to determine and assess against such operator the tax, interest and penalties provided for by this chapter. If such determination is made, the tax administrator shall give a notice of the amount so assessed by serving it personally or by depositing it in the United States mail, postage prepaid, addressed to the operator so assessed at his last known place of address. Such operator may within ten days after the serving or mailing of such notice make application in writing to the tax administrator for a hearing on the amount assessed. If application by the operator for a hearing is not made within the time prescribed, the tax, interest and penalties, if any, determined by the tax administrator shall become final and conclusive and immediately due and payable. If such application is made, the tax administrator shall give not less than ten days' written notice in the manner prescribed in this section to the operator to show cause at a time and place fixed in the notice why the amount specified therein should not be fixed for such tax, interest and penalties. At such hearing, the operator may appear and offer evidence why such specified tax, interest and penalties should not be so fixed. After such hearing the tax administrator shall determine the proper tax to be remitted and shall thereafter give written notice to the person in the manner prescribed in this section of such determination and the amount of such tax, interest and penalties. The amount determined to be due shall be payable after 15 days unless an appeal is taken as provided in 7.04.110.

7.04.110 Appeal.

Under this chapter, any operator aggrieved by a decision of the tax administrator with respect to the amount of such tax, interest and penalties, if any, may appeal to the City Council by filing a notice of appeal with the Town clerk within 15 days of the serving or mailing of the determination of tax due. The City Council shall fix a time and place for hearing such appeal, and the Town clerk shall give notice in writing to such operator at his last known place of address. The findings of the City Council shall be final and conclusive and shall be served upon the appellant in the manner prescribed in this section for service of notice of hearing. Any amount found to be due shall be immediately due and payable upon the service of notice.

7.04.120 Records.

It shall be the duty of every operator liable for the collection and payment to the Town of any tax imposed by this chapter to keep and preserve, for a period of three years, all records as may be necessary to determine the amount of such tax as he may have been liable for the collection of and payment to the Town, which records the tax administrator shall have the right to examine and audit at all reasonable times for the purpose of determining the accuracy thereof.

7.04.130 Refunds.

- A. Whenever the amount of any tax, interest or penalty has been overpaid or paid more than once or has been erroneously or illegally collected or received by the Town under this chapter, it may be refunded as provided in subsections (b) and (c) of this section, provided a claim in writing therefor, stating under penalty of perjury the specific grounds upon which the claim is founded, is filed with the tax administrator in compliance with Chapter 1.14. The claim shall be on forms furnished by the tax administrator.

- B. An operator may claim a refund or take as credit against taxes collected and remitted the amount overpaid, paid more than once or erroneously or illegally collected or received when it is established in a manner prescribed by the tax administrator that the person from whom the tax has been collected was not a transient; provided, however, that neither a refund nor a credit shall be allowed unless the amount of the tax so collected had either been refunded to the transient or credited to rent subsequently payable by the transient to the operator.
- C. A transient may obtain a refund of taxes overpaid or paid more than once or erroneously or illegally collected or received by the Town by filing a claim in the manner provided in subsection (a) of this section, but only when the tax was paid by the transient directly to the tax administrator or when the transient having paid the tax to the operator establishes to the satisfaction of the tax administrator that the transient has been unable to obtain a refund from the operator who collected the tax.
- D. No refund shall be paid under this section unless the claimant establishes his right thereto by written records showing entitlement thereto.

7.04.140 Debt to Town/Actions to Collect.

Any tax required to be paid by any transient under this chapter shall be deemed a debt owed by the transient to the Town. Any such tax collected by an operator which has not been paid to the Town shall be deemed a debt owed by the operator to the Town. Any person owing money to the Town under this chapter shall be liable to an action brought in the name of the Town.

7.04.150 Use of Tax Proceeds.

The proceeds arising from the tax imposed by this chapter shall be credited to the general fund of the Town.

7.04.160 Independent Audit of Tax Collection, Exemption, Remittance, and Expenditure.

The City shall annually verify that the taxes owed under this chapter have been properly applied, exempted, collected, and remitted in accordance with this chapter, and properly expended according to applicable municipal law. The verification shall be performed by a qualified independent third party and the review shall employ reasonable, cost-effective steps to assure compliance, including the use of sampling audits. The verification shall not be required of tax remitters where the cost of the verification may exceed the tax revenues to be review

7.04.170 Amendment or Repeal – Adjustment of Taxing Rate or Methodology.

This chapter may be repealed or amended by the Town Council without a vote of the People of the Town of Colma. However, as required by California Constitution Article XIII C (Proposition 218), voter approval is required for any amendment or provision that would increase the maximum rate or methodology of any tax levied pursuant to this chapter. The people of the Town of Colma affirm that the following actions shall not constitute an increase of the rate or methodology of the transient occupancy tax requiring subsequent voter approval:

- A. The restoration of the rate of the tax to a rate that is no higher than the maximum set by this voter-approved chapter, if the Town Council has previously acted to reduce the rate of the tax;
- B. An action that interprets or clarifies the methodology of the tax, or any definition applicable to the tax, so long as interpretation or clarification (even if contrary to some prior interpretation or clarification) is not inconsistent with the language of this chapter;
- C. The establishment of a class of person or service that is exempt or excepted from the tax or the discontinuation of any such exemption or exception (other than the discontinuation of an exemption or exception explicitly set forth in this chapter); and
- D. Resuming collection of the tax imposed by this chapter, even if the Town had, for some period of time, either suspended collection of the tax or otherwise failed to collect the tax, in whole or in part.

7.04.180 Violations; Misdemeanor.

Any operator or other person who violates any of the provisions of this chapter or who fails or refuses to register as required herein, or to furnish any returns or other data required by the tax administrator, or who renders a false or fraudulent return or claim, is guilty of a misdemeanor, and is punishable as provided in this Code.”

ARTICLE 4. SEVERABILITY.

Each of the provisions of this Ordinance is severable from all other provisions. If any chapter, section, subsection, paragraph, sentence, clause or phrase of this Ordinance is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

ARTICLE 5. NOT A CEQA PROJECT.

The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

ARTICLE 6. EXECUTION AND EFFECTIVE DATE.

Following certification that Colma voters have approved this Ordinance, the Mayor shall sign it attesting to its adoption by the People voting thereon at the November 6, 2018 General Municipal Election, and the City Clerk shall cause the same to be entered in the book of original

ordinances of said Town; and shall cause the same, or a summary thereof, to be published as required by law.

This Ordinance shall take effect only if approved by a majority of the eligible voters of the Town of Colma voting at a General Municipal election to be held on November 6, 2018. Pursuant to California Elections Code Section 9217, this Ordinance shall be deemed valid and binding and shall be considered as adopted upon the date that the vote is declared by the City Council, and shall take effect ten (10) days after that date.

Certificate of Adoption

I certify that the foregoing Ordinance No. [redacted] (Measure "[redacted]") was duly approved and adopted by the People of the Town of Colma, at an election held for that purpose on November 6, 2018:

Dated _____

Raquel "Rae" Gonzalez, Mayor

Attest: _____
Caitlin Corley, City Clerk



RESOLUTION NO. 2018-_____
OF THE CITY COUNCIL OF THE TOWN OF COLMA

**RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY
TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 6,
2018 WITH THE STATEWIDE GENERAL ELECTION TO BE HELD ON THE SAME DATE
PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE**

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

Background

(a) Pursuant to Colma Municipal Code, Section 1.01.090, the Town of Colma's General Municipal Election for filling elective offices is held on the second Tuesday after the first Monday in November of even-numbered years. The next Colma General Municipal Election is scheduled for November 6, 2018.

(b) The City Council is submitting to the voters a question related to a transient occupancy tax ("TOT") on the same date; and

(c) It is desirable that the General Municipal Election be consolidated with the Statewide General Election to be held on the same date and that within the Town the precincts, polling places and election officers of the two elections be the same, and that the San Mateo County election department canvass the returns of the General Municipal Election and that the election be held in all respects as if there were only one election.

Order

(a) Request for Consolidation. Pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of San Mateo is hereby requested to consent and agree to the consolidation of a General Municipal Election with the Statewide General Election on Tuesday, November 8, 2016, for the purpose of submitting to the voters the question relating to the Town's Transient Occupancy ("Hotel") Tax.

(b) Measure Language. The Measure is to appear on the ballot as follows:

<p>"Colma Transient Occupancy ("Hotel") Tax Measure. To maintain and improve general Town services, such as police service levels, street operations and maintenance, as well as parks, community buildings and infrastructure; shall the Town of Colma adopt an ordinance establishing a _____% Transient Occupancy ("Hotel") Tax generating approximately \$ 319,000 annually until ended by voters, if a hotel is developed, requiring annual audits and no tax rate increase without voter approval?"</p>	Yes
	No

(c) Canvass of Returns. The County election department is authorized to canvass the returns and perform all other proceedings incidental to and connected with the General Municipal Election. The Election shall be held in all respects as if there were only one election,

and only one form of ballot shall be used. Pursuant to California Elections Code Sections 10403 and 10418, the election will be held and conducted in accordance with the provisions of law regulating the Statewide General Election.

(d) Necessary Steps. The Board of Supervisors is requested to issue instructions to the County election department to take any and all steps necessary for the holding of the consolidated election.

(e) Costs. The Town of Colma recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees to reimburse the County for any costs.

(f) Filing of Resolution. The City Clerk is hereby directed to file a certified copy of this resolution with the Board of Supervisors and the election department of the County of San Mateo.

(g) Certification. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

3. Effective Date

This resolution shall take effect immediately.

Certification of Adoption

I certify that the foregoing Resolution No. 2018-___ was duly adopted at a regular meeting of the City Council of the Town of Colma held on February 28, 2018 by the following vote:

	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne F. del Rosario					
John Irish Goodwin					
Diana Colvin					
Helen Fiscaro					
<i>Voting Tally</i>					

Dated _____

Raquel "Rae" Gonzalez, Mayor

Attest: _____

Caitlin Corley, City Clerk

RESOLUTION NO. 2018-_____
OF THE CITY COUNCIL OF THE TOWN OF COLMA

**RESOLUTION PROVIDING FOR THE FILING OF PRIMARY AND REBUTTAL
 ARGUMENTS AND SETTING RULES FOR THE FILING OF WRITTEN ARGUMENTS
 REGARDING A TOWN MEASURE TO BE SUBMITTED TO THE QUALIFIED VOTERS AT
 THE NOVEMBER 6, 2018 GENERAL MUNICIPAL ELECTION**

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

Background

(a) A General Municipal Election is to be held in the Town of Colma, California on November 6, 2018, at which there will be submitted to the voters the following Measure:

<p>"Colma Transient Occupancy ("Hotel") Tax Measure. To maintain and improve general Town services, such as police service levels, street operations and maintenance, as well as parks, community buildings and infrastructure; shall the Town of Colma adopt an ordinance establishing a % Transient Occupancy ("Hotel") Tax, generating approximately \$ 319,000 annually until ended by voters, if a hotel is developed, requiring annual audits and no tax rate increase without voter approval?"</p>	Yes
	No

Order

(a) Primary Arguments. That the City Council authorizes (i) any or all members of the City Council, (ii) any individual voter eligible to vote on the above Measure, (iii) a bona fide association of such citizens or (iv) any combination thereof, to file a written argument in favor of or against the Town Measure, accompanied by the printed name(s) and signature(s) of the author(s) submitting it, in accordance with Article 4, Chapter 3, Division 9 of the Elections Code of the State of California, and to change the argument until and including the date fixed below by the City Clerk, after which no arguments for or against the Town measure may be submitted to the City Clerk.

For this election, the City Council specifically authorizes the Mayor and Vice Mayor to select the author(s) who may prepare and file a written argument in favor of the Measure on behalf of the City Council.

The deadline to submit arguments for or against the Town Measure pursuant to this Resolution is declared by the City Clerk to be the date and time specified by the San Mateo County Assessor-County Clerk-Recorder and Elections office on the official elections calendar. Each argument shall be filed with the City Clerk, signed, and include the printed name(s) and signature(s) of the author(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers who is the author of the argument.

(b) Rebuttal Arguments. Pursuant to Section 9285 of the Elections Code of the State of California, when the City Clerk has selected the primary arguments for and against the Town Measure(s) which will be printed and distributed to the voters, the Clerk shall send copies of the primary argument in favor of the Measure(s) to the authors of the primary argument against, and copies of the primary argument against to the authors of the primary argument in favor. The authors or persons designated by them may prepare and submit rebuttal arguments not exceeding 250 words. The rebuttal arguments shall be filed with the City Clerk to be the date and time specified by the San Mateo County Assessor-County Clerk-Recorder and Elections office on the official elections calendar. Rebuttal arguments shall be printed in the same manner as the primary arguments. Each rebuttal argument shall immediately follow the primary argument which it seeks to rebut.

(c) Prior Resolutions. That all previous resolutions providing for the filing of primary and rebuttal arguments related to Town measures are repealed.

(d) November 6, 2018 Election. That the provisions of Sections 1 and 2 shall apply only to the election to be held on November 6, 2018, and shall then be repealed.

(e) Certification. The City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original Resolutions.

3. Effective Date

This resolution shall take effect immediately.

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Certification of Adoption

I certify that the foregoing Resolution No. 2018-___ was duly adopted at a regular meeting of the City Council of the Town of Colma held on February 28, 2018 by the following vote:

Name	Counted toward Quorum			Not Counted toward Quorum	
	Aye	No	Abstain	Present, Recused	Absent
Raquel Gonzalez, Mayor					
Joanne F. del Rosario					
John Irish Goodwin					
Diana Colvin					
Helen Fiscaro					
<i>Voting Tally</i>					

Dated _____

 Raquel "Rae" Gonzalez, Mayor

Attest: _____

Caitlin Corley, City Clerk





STAFF REPORT

TO: Mayor and Members of the City Council
 FROM: Michael Laughlin AICP, City Planner, CSG Consultants
 VIA: Brian Dossey, City Manager
 MEETING DATE: February 28, 2018
 SUBJECT: Short-Term Rental Study Session

RECOMMENDATION

This item is a study session for informational purposes only. No City Council action is required; however, staff seeks comments, questions, impressions and opinions from each Council member regarding issues and concerns.

EXECUTIVE SUMMARY

Short-term rentals of units are becoming increasingly popular. Local jurisdictions such as Colma can choose how they want to regulate this land use. The City Council can choose to allow them without regulation (current state), allow them through a permit process, or to not allow them. Staff is seeking City Council direction based on these options.

FISCAL IMPACT

None.

ANALYSIS

Background and Housing Stock Overview

The 21 Elements consultants who provide housing policy assistance to San Mateo County jurisdictions have prepared a comprehensive information report on "Options for Regulating Short-Term Vacation Rentals," which is attached as Exhibit A. Rather than repeat the information in this report, staff will summarize some of the information and identify options available to the Town of Colma.

Most of Colma's housing stock is located in the Sterling Park neighborhood. Typical lot sizes in the neighborhood are about 3,300 square feet. In addition to the single-family homes in this neighborhood, there are multi-family housing units, and many investor-owned properties that are rented out.

There are three homes on Hillside Boulevard south of Lawndale Boulevard. These homes were all built with a lower level living unit that can be rented out or used by resident guests.

In addition to the Sterling Park neighborhood, there are 63 units in the Verano neighborhood, 18 units at Villa Hoffman, and a few units on El Camino Real, Hillside Boulevard and Mission Road. The Town also owns a senior apartment complex on El Camino Real (which would not be available for short-term rental). In a review of the CC&R's for Verano, there appear to be no restrictions that would prevent an owner from using their residence as a short-term rental. Villa Hoffman CC&R's include a provision that leasing of a unit may only be to a single family for single-family residential use.

In periodic reviews of short-term rental websites over the past several years, staff has not been able to identify any properties within the town limits that are used as short-term rentals, but there are many in close proximity. There are several units just outside of Colma (in unincorporated San Mateo County) such as La Terrazza that are used as short-term rentals and which have a Colma mailing address. These are likely the units that are reported in the attached 21 Elements report as being in Colma.

The Town does not currently have any regulations that allow or prohibit the use of a residential property as a short-term rental.

Short-term rental types

Hosted rentals generally have a property owner or resident living at the property that can assist the renting party and who are also available to resolve any problems that may arise. Hosted rentals can be for a room within the unit, a portion of a house or accessory dwelling unit. Un-hosted rentals do not have an owner or resident present at the property, and arrangements for use are made by a property manager or an owner who lives elsewhere. These rentals may include an entire home, unit or accessory dwelling unit.

Super hosts are individuals that either own or manage more than 3 properties. Income generated from short-term rentals is primarily from properties owned by super hosts.

Based on 2015 information for San Mateo County, 80% of hosts are professional, meaning that their homes are available for rental 90+ days per year. About 43% of hosts have multiple listings.

Hosted or un-hosted rentals can be available year-round or only for a portion of the year, either by the desire of the host or by local regulations limiting their use. In jurisdictions that permit rentals and collect Transient Occupancy Tax (TOT), the rental is subject to the tax if the rental is less than 30 days in duration.

Benefits and Concerns

The growth of short-term rentals in the Bay Area has sparked debate about their benefits and problems. Some communities, such as Tiburon, prohibit any rental of less than 30 days. Citizens in Tiburon decided that the rental of homes in neighborhoods has the potential to

diminish property values, lessen sense of community and create noise and enforcement problems. San Jose', based on citizen input, chose instead to allow short-term rentals and set up a permit process. The City benefits from TOT revenue that units generate.

Below is a list of benefits of short-term rentals (summarized from attached Exhibit A):

- Additional income for homeowners (which may translate to better property maintenance or local homeowner spending);
- Greater flexibility in lodging for the traveling public;
- Transient Occupancy Tax Revenue to jurisdiction; and
- Guest spending on goods and services.

Below is a list of concerns and problems commonly experienced or expressed about short-term rentals:

- Loss of housing stock leading to rent increases and evictions;
- Impacts to hotel industry (lower occupancy);
- Neighborhood impact concerns (parking, noise, etc.);
- Potential lowering of property values and sense of community;
- Equal access to units for special needs guests; and
- Loss of resident spending vs. less guest spending.

Regulation

As shown in the attached chart at the end of Exhibit A, jurisdictions have chosen very different regulatory strategies. This list does not include jurisdictions which have banned short-term rentals outright. Types of restrictions permissible to jurisdictions include:

- Outright ban by not allowing any rentals for less than 30 days;
- Allow only hosted room rentals vs. un-hosted entire unit rental;
- Cap number of days for un-hosted rentals (typically no more than 90 days/yr.);
- Limit number of days per year unit or room can be rented so that a majority of the time it is occupied by the primary resident;
- Create a permit process that addresses occupancy limits, parking and noise complaints, 24/7 contact, etc.;
- Initial or annual inspection requirement;
- Enforcement and fine provisions; and
- Collection of TOT on rentals of less than 30 days.

Since Sterling Park has smaller lot sizes and less available parking than other Bay Area residential neighborhoods, allowance of short-term rentals should consider this dynamic. Due to the proximity of units and sense of community in the neighborhood, the Council may wish to prohibit un-hosted entire unit rentals or all short-term rentals. The Council may wish to consider hosted room rentals only, which would allow a resident and the Town to benefit from revenue while minimizing potential enforcement issues with un-hosted rentals. For this option, staff would recommend a permit process that assures that a tenant is not illegally subletting a rental unit, that the unit is safe to occupy and that parking is available. (Note: Revenue benefit to the

Town would only occur if the Council agrees to place a TOT measure on the November 2018 ballot which includes short-term rental TOT collection, and if voters approve the measure).

The Verano and Villa Hoffman neighborhoods have a very similar sense of community as Sterling Park. Units and outdoor living areas are in close proximity to one another, have private use garages and limited guest parking. For the same reasons as for Sterling Park, the Council may wish to prohibit un-hosted entire unit rentals or all short-term rentals. Or, consideration can be given to hosted room rentals.

It should be noted that the Town supports the Home Sharing program offered by HIP Housing. This program matches homeowners with individuals in need of housing, to the mutual benefit of both parties. Since these arrangements are for longer than 30 days, this program would not be impacted by the local regulation or prohibition of short-term rentals. However, it should be noted that the allowance of short-term rentals in San Mateo County has reduced the number of rooms and units available for the Home Sharing program.

If the Council wishes to allow short-term rentals, staff anticipates that there would likely be 5 or less in the Town, given the fact that there appears to be limited or no interest based on current listings. In establishing a permit process, staff would recommend that permit fees and enforcement fees be covered by the applicant/homeowner to the maximum extent feasible. Depending on the number of rental nights and rate, anticipated revenue from TOT would at most only amount to a few thousand dollars per year. This revenue increase should be considered in relation to the additional staff time anticipated in monitoring units, possible police calls for service and addressing any complaints.

Jurisdictions have had a difficult time tracking rented units in violation of either a ban or permit requirement. Rental platforms, such as Airbnb, do not provide street addresses in listings to protect the person renting the room or unit until a reservation is made. Consultants have recently filled this gap and provide cost effective monitoring and reporting to jurisdictions by scrubbing websites and finding addresses. This type of monitoring increases jurisdictional costs in enforcing a ban or enforcing permit requirements.

Council Adopted Values

The study session is consistent with the Council value of responsibility because it allows the City Council to consider all aspects of the short-term rental industry, including impacts to services provided by the Town.

Sustainability Impact

N/A

Alternatives

None

CONCLUSION

The City Council is encouraged to ask questions and provide direction to staff about options for regulating short-term rentals in Colma. If interest is expressed, staff can come back to the City Council with additional information and recommendations. Some specific questions that the Council should answer include:

- Is the Council interested in allowing only hosted room rentals (with or without restrictions on days per year), or is there support for un-hosted entire unit rentals with strong permit restrictions and a local contact?
- Is the Council interested in banning short-term rentals altogether, given limited housing stock and close proximity to neighboring units and outdoor living areas?

ATTACHMENTS

- A. 21 Elements "Options for Regulating Short-Term Rentals"



Options for Regulating Short-Term Vacation Rentals

This memo is intended to help jurisdiction staff understand the growth of the short-term vacation rental market and regulatory options. Please visit www.21elements.com for more information.

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Executive Summary

The short-term rental industry has grown and evolved at a fast pace in recent years. Once a small, informal part of the economy, it is now larger and more established. Its growth in popularity, coupled with an increase in the *professionalization* of the industry – the emergence of full time rentals and hosts that do not live in the units they are renting – have raised the profile of this issue and led many jurisdictions to consider regulation and taxation.

As cities consider regulatory options, they should:

- 1. Understand the makeup of their own short-term rental market,**
- 2. Attempt to balance potential benefits and potential concerns, and**
- 3. Consider how to build enforcement into policy.**

Understanding the Market

The short-term rental market has various components. A variety of activities fall under the general category of short-term vacation rental, ranging from occasionally renting an extra bedroom to leasing an entire home on a short-term basis year-round. While some cities have chosen to regulate all rentals the same way, these different types of activities have different potential impacts.



Some of the major questions about the market include:

- 1) Are short-term rentals available occasionally or year-round?
- 2) Are short-term rental owners available on-site to deal with potential problems? And,
- 3) If the short-term rental unit were not being rented, would it be available for year round rental housing?

One of the primary reasons jurisdictions may want to restrict or prohibit year-round short-term rentals is to protect the residential character of single-family neighborhoods. An important factor in this regard is whether the short-term rentals are hosted or not. *Hosted rentals*, or properties with an owner on-site to deal with issues (e.g. renting a bedroom), are less likely to cause problems than *unhosted rentals*, which are properties with no on-site supervision.

Costs and Benefits

When considering regulation, there are several potential benefits of short-term rentals to take into consideration, including additional income for homeowners, hotel (transient occupancy) tax revenue, and increases in goods and services spending. The potential negative effects of short-term rentals include impacts on the quality of life in residential areas, the loss of housing stock, increased rents or tenant evictions, and effects on the hotel industry.

Data

To better understand the short-term rental market in San Mateo County, 21 Elements hired a researcher to collect and analyze publicly available Airbnb data from October 2015¹. Of the 1,330 Airbnb listings, Entire Home and Private Rooms each made up approximately 47 percent of the listings for a total of 94 percent of the listings. Shared rooms made up the remaining six percent. During the third quarter of 2015, over 10,000 people stayed in a short-term vacation rentals in San Mateo County.

San Mateo County At-a-Glance

October 2015 Short Term Rental Market

47% of listings are for entire homes

43% of hosts have multiple listings

\$193 Average price per night

100 Day Number of days the average unit is occupied by a guest

Enforcement

When a jurisdiction is exploring what regulations might appropriate, it is important to consider how policies will be enforced. Some cities have created regulatory regimes that are difficult to enforce. Ultimately, a well-crafted policy is a policy that can be enforced.

¹ Airbnb was chosen because it is the industry leader and its website is most accessible for analysis.



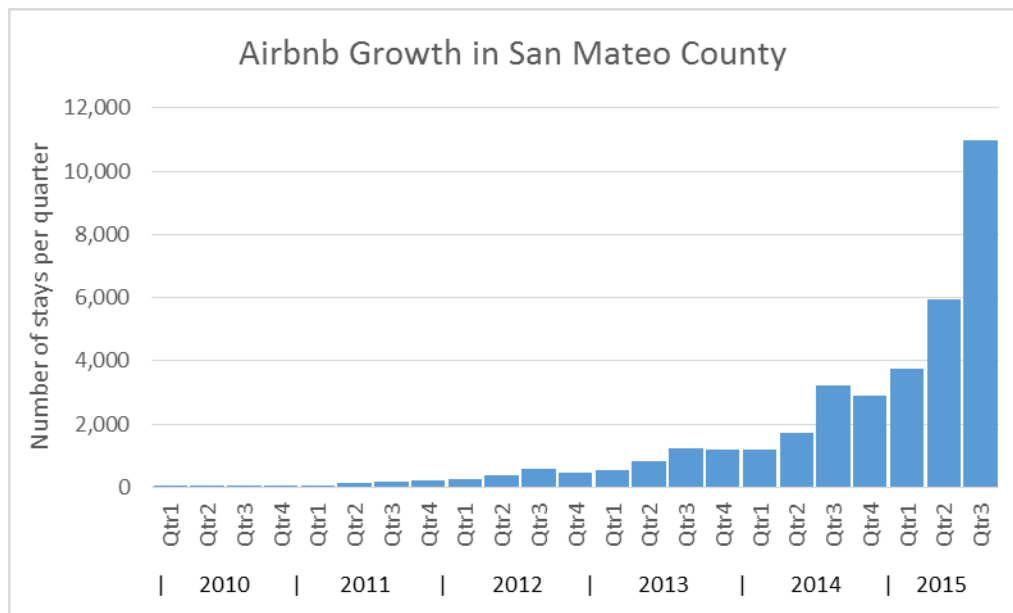
History and Growth of Short Term Rentals

Homeowners have been renting their homes for many years. However, short-term rentals were not a common practice before the Internet because hiring a realtor or brokering property was not practical for most people. This started to change in the mid-1990s when Craigslist created a platform that made it possible for anyone to post a short-term rental listing. In the 2000s, marketplace websites that charged a fee for people to advertise short-term rental units began to appear. These sites did not assist with the day-to-day management, requiring homeowners to field calls and negotiate transactions on their own. They also offered few protections for renters who, upon arrival, may discover properties that were inaccurately described.

In 2008, the industry again evolved with the emergence of companies like Airbnb, Flipkey and Homeaway. Acting as active brokers, these companies charge a commission on each rental, and only pay homeowners after guests arrive, thus reducing fraud and offering a real-time calendar so renters can book instantly. Hosts can now list an extra bedroom or entire home with one of several websites, and visitors can select from a variety of rentals that meet their needs.

Most recently, it has become possible to own a unit, make it available for short-term lease, and not be involved in the day-to-day management at all. Companies like Guest and Pillow provide support services such as cleaning before and after occupancy, greeting guests, price-optimization and facilities management.

The short-term rental industry has become increasingly popular throughout the world and has experienced tremendous growth in recent years. In San Mateo County for instance, there were approximately 82 people who



Source: 21 Elements

used Airbnb for the whole year in 2010. By 2012, the number of users had grown to over 1,000 people. By 2015, more than 10,000 people were using Airbnb every quarter. The graph above shows the growth of Airbnb short-term rentals in San Mateo over the last six years.

Professionalization of Industry

As the industry has matured, there has been a transition away from *casual hosts*, or those hosts renting for a few days or weeks in a given year, to *professional hosts* who rent short-term units year-round. Although it is still common for a homeowner to occasionally rent their home when they are on vacation or an extra room throughout the year, some professionals now buy units so they can rent them as a business. Data from a New York State² study found that as recent as 2010, the majority of hosts were casual hosts. By 2012, 62% were professional hosts. This is supported by two Airbnb surveys that estimated 44-58% of their hosts were professional³. In San Mateo County during October 2015, 80 percent of hosts had units available year-round. It is interesting to note that although many, if not most, hosts are homeowners or casual in their approach to short-term rentals, the majority of revenue is generated by professionals.

San Mateo County At-a-Glance

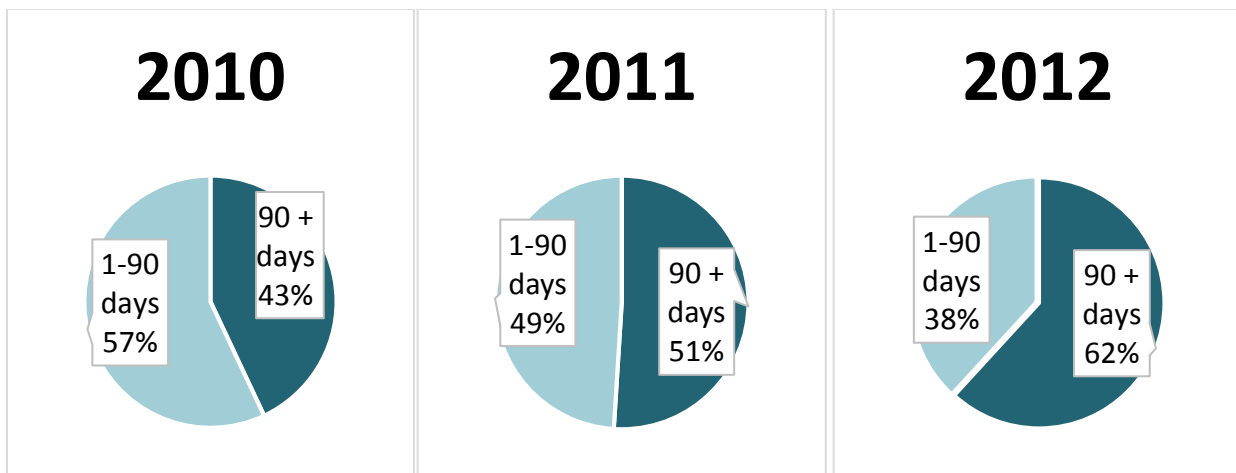
October 2015 Short Term Rental Market

80% of hosts in San Mateo are professional, meaning their homes are available for rental 90+ days per year.

43% of hosts have multiple listings

30 units are listed by the top host for San Mateo County

Casual versus Professional Hosts *Days that units in New York are available per year*

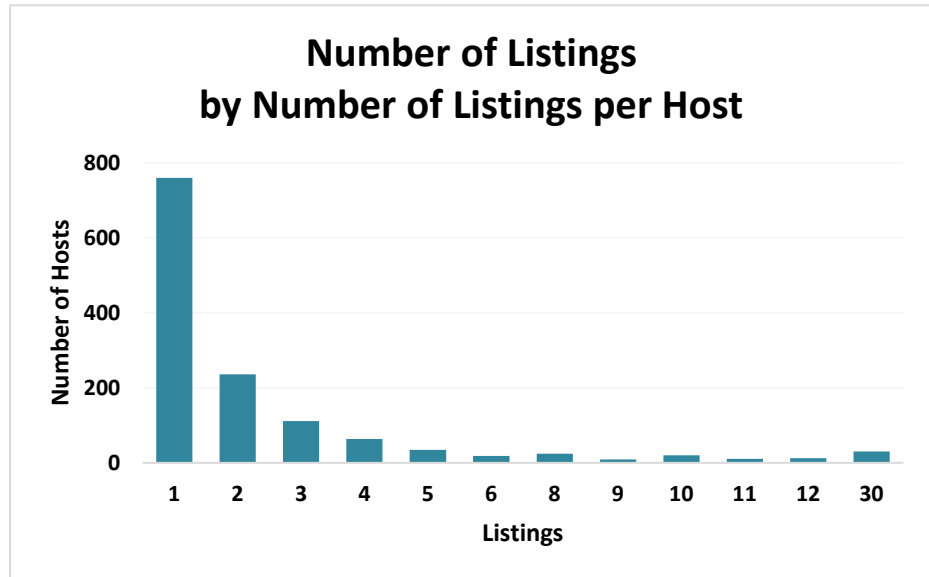


Super hosts, individuals that either own or manage more than three properties, have also emerged. In October 2015, in San Mateo County, the top host had 30 listings on Airbnb and 43 percent of hosts had multiple listings. **While the New York State study found that super hosts made up only six percent of total listings, they were responsible for 86 percent of all bookings**

² As part of an investigation into whether hosts were violating state and local tenancy and tax laws, the New York State Attorney General subpoenaed records. Consequently, the data for New York State is much more robust than for other places.
³ Rosen Consulting Group. 2013. Short-Term Rentals and Impact on the Apartment Market; HR&A Advisors. 2013. Unpublished report for Airbnb on the economic impact assessment of Airbnb rental activities in San Francisco and New York City. Some details are available from the (1) [official press release](#) from Airbnb.com, (2) article discussing results on Forbes.com, and (3) HR&A Advisor's [summary](#) on their client portfolio webpage.

and 37% of revenue.

This new type of host is important to the short-term rental industry because they provide consistent and sizeable income to the companies. In turn, companies more prominently advertise professional host listings on their sites, and may be resistant to police these users.



Types of Rentals

One of the ways to categorize vacation rentals is identify those rentals that are hosted or unhosted. *Hosted rentals* may include just bedrooms or sometimes second units, and have an owner or resident living on the property (some jurisdictions object to second units being rented because they believe they should be part of the regular housing stock). This type of rental has been less of an issue in terms of noise complaints because there is someone living on-site who can respond to any problems that might arise.

Unhosted rentals may include the entire home and sometimes a second unit, that are vacant and do not have an owner or resident living on the property. These types of short-term rentals can be owned by investors who are buying them to rent as a business, or by local homeowners who are away temporarily.

There are also hosts that rent their home as an unhosted rental for corporate retreats, either during the day or overnight.

Hosted	Unhosted
Second Unit Bedroom	Second Unit Entire Unit

It is additionally important to distinguish if units are available for year-round short-term rental or only for a limited time. Units that are rented on a short-term basis year-round will be removed from the jurisdiction’s housing stock as a potential source of local housing.

Benefits and Concerns

Cities across the country are currently working on how best to address the many different activities that make up short-term rentals. While there are no standard guidelines or best practices yet in place, jurisdictions can begin by evaluating and weighing the most common benefits and concerns.



Benefits

Additional Income for Homeowners

Renting an extra bedroom or accessory dwelling unit can be an attractive and flexible option for a homeowner wanting the extra income. Consequently, people who are currently renting units on a short-term basis are often a very vocal constituency. Someone can list their space for as few or as many days as they want, dependent on their schedule and need for supplemental income. By doing so, a homeowner may no longer be required to have a full-time roommate or work a second job, for instance. Additionally short-term rentals can be particularly helpful for those with fixed incomes. In this rental situation, because owners live on-site, any problems that arise can be immediately addressed.

Hotel Tax Revenue

Some short-term rental websites are willing to collect local hotel or transient occupancy taxes from their users, providing additional revenue for cities. Recently Airbnb has agreed to collect taxes on every transaction in Portland, San Francisco and Redwood City.

They then pay the city in a semi-annual lump

sum. Since agreements with Airbnb in Portland and San Francisco went into effect in July and October of last year, respectfully, they have been paid a combined total of \$5 million in transient occupancy taxes. A recent report for the City of Oakland recommended that the city collect the full 14% Transient Occupancy Tax (TOT) and allocate 11% to the Affordable Housing Trust Fund, while additionally requiring full-disclosure on all rental transactions⁴. Based on the most recent data for San Mateo County for 2015, there were about 40,000 rental nights per year, with an average rate of \$193 per night. **Assuming 3 nights per rental, a 10 percent hotel tax in San Mateo County could generate \$2.3 million per year.**

San Mateo County At-a-Glance

\$2.3 million is a conservative estimate of annual hotel tax that could be generated from Airbnb.

Although short-term rental companies were originally outspoken against such agreements, collecting taxes legitimizes their service, which has long-term benefits. Generally, companies have only been willing to provide details on a citywide basis, rather than providing information on revenue from different hosts.

Extra Spending on Goods and Services

In 2012, Airbnb reported that their guests spent an estimated \$56 million and supported 430 jobs in San Francisco⁵. Money is more often spent in neighborhoods that typically do not attract tourists, compared to traditional hotels. However, to accurately understand the benefits for a city, the analysis should also examine what long-term occupancy residents would have spent.

⁴ Community Economics. 2015. [Impact of Short Term Rentals on Affordable Housing in Oakland: A Report and Recommendations.](#)

⁵ Airbnb. 2012. Economic Report. <http://blog.airbnb.com/economic-impact-airbnb/>



Concerns

Loss of Housing Stock Leading to Increased Rents and Evictions

There is a growing concern that the short-term rental market is additionally burdening stressed housing stocks, and contributing to rising rents and evictions. In San Francisco, a 2015 study

San Mateo County At-a-Glance

2,100 - Homes built from 2010-2014

1,071 - Homes currently off housing market due to short-term vacation usage

found that in some neighborhoods landlords earned more in the short-term rental market than they would have in the long-term rental market⁶. While these units made up a small percentage of the overall rental housing supply, the neighborhoods studied that had the highest number of professional hosts also had high numbers of evictions. Looking specifically at rent

impacts, an unpublished study, by University of British Columbia Professor Thomas Davidoff, analyzed publicly available data and found that enough housing stock was removed from San Francisco to increase the average monthly rent between \$19 and \$76⁷. However, it is difficult to confirm whether people are being evicted so their units can be used for short-term rentals and whether these are isolated cases or an indication of a larger problem.

Between 2010 and 2014, 2,100 new homes were built in San Mateo County. According to data collected during this study, there were 1,071 entire homes or apartments listed on Airbnb in October 2015 that were not on the housing market because they were being used full time for short term rentals, which is half of the new housing supply created in the last four year.

Effects on the Hotel Industry

Concerns have been raised that the popularity of short-term rentals could decrease hotel usage, and that such a decrease might offset any increase in hotel or occupancy taxes. Because San Mateo County has an 85 percent hotel occupancy and some of the highest hotel rates in the country (averaging \$270 per night), a noticeable decrease in hotel usage is not expected regionally. However, this is still important to keep in mind.

Neighborhood Impacts Concern

For the same reasons that zoning codes would not permit a hotel in a residential neighborhood, there are concerns about short-term vacation rentals impacting the ambiance and quality of local residential districts. While the vast majority of short-term rentals occur without a problem, they can cause impacts to neighborhoods. Visitors, for instance, often book rentals for vacations and celebrations, which can conflict with the residential character of the neighborhoods in which they are located. Over-crowding, late hours and parties can result in disruptions to long-term residents and can result in noise violations, safety concerns and impacts to parking. This is particularly problematic for entire home or apartment rentals

⁶ Budget and Legislative Analyst. 2015. Analysis of the Impact of Short-term Rentals on Housing. City and County of San Francisco Board of Supervisors.

⁷ LAANE. 2015. LAANE Policy Brief: Short Term Rentals and Los Angeles' Lost Housing. http://www.laane.org/wp-content/uploads/2015/08/Short-Term_RentalsLAS-Lost_Housing.pdf



because they are routinely unhosted. If a problem arises at an unhosted property, there is nobody living on-site to prevent or control issues and respond in a responsible manner.

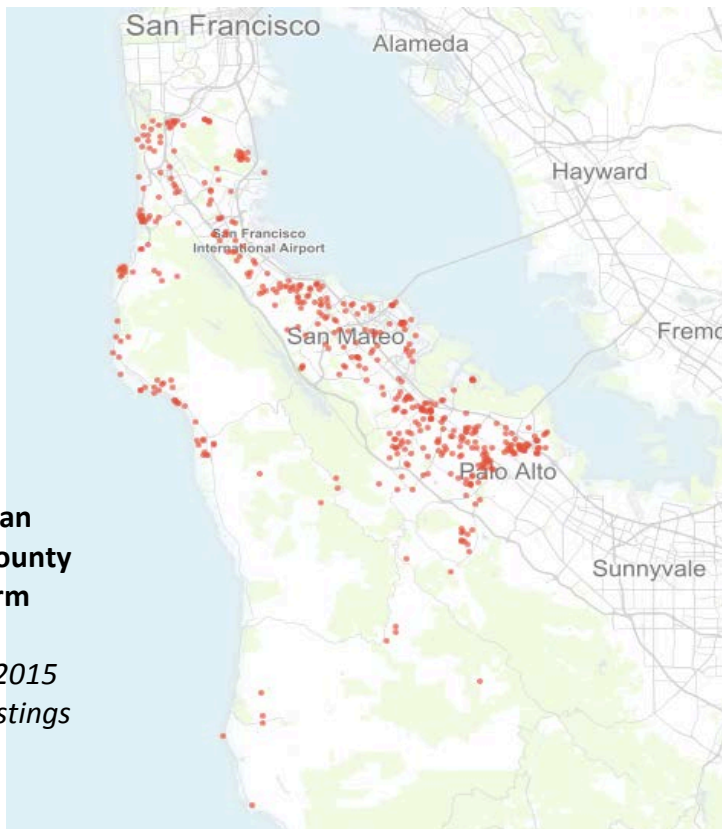
Equal Access

A lack of disability access can create safety problems or be discriminatory for people with special needs. Unlike hotels, a rental does not have to be ADA accessible. Additionally, there is concern that some hosts may refuse to rent to minorities, though Airbnb has tried to address this issue.

Other Issues

Some neighborhoods may also have disaster preparedness plans in place, which may be a problem in case of an emergency if the host has not made this information readily available to the short-term rental tenants.

San Mateo County Short-Term Rental Market At-a-Glance



Map of San Mateo County Short Term Rentals
October 2015
Airbnb Listings

It is helpful to gather data on the numbers and trends in short-term rentals and the potential for the local problems identified above. However, obtaining data can be a challenge. Jurisdictions can subpoena data from Airbnb and the like, which is what New York State did, although there are legal and practical challenges to this approach. An alternative strategy is to hire someone to download all the publically facing data from short-term rental websites. This is sometimes called *scraping the website*.

21 Elements hired a consultant to analyze Airbnb data for San Mateo County. The data is from October 2015 and is available at <http://insideairbnb.com/san-mateo-county/>. Airbnb was chosen because it is the industry leader with largest amount of listings.

The analysis showed there were 1,330 short-term listings and 18,797 reviews. The average price per night was \$193 and the average availability was for 248 days per year (Tables 1a and 1b). Of these listings, 43 percent were from hosts with multiple listings.

Entire Home and Private Rooms both made up 47 percent of the total listings, with Shared Rooms making up the difference of six percent. Based on the data collected, it was estimated



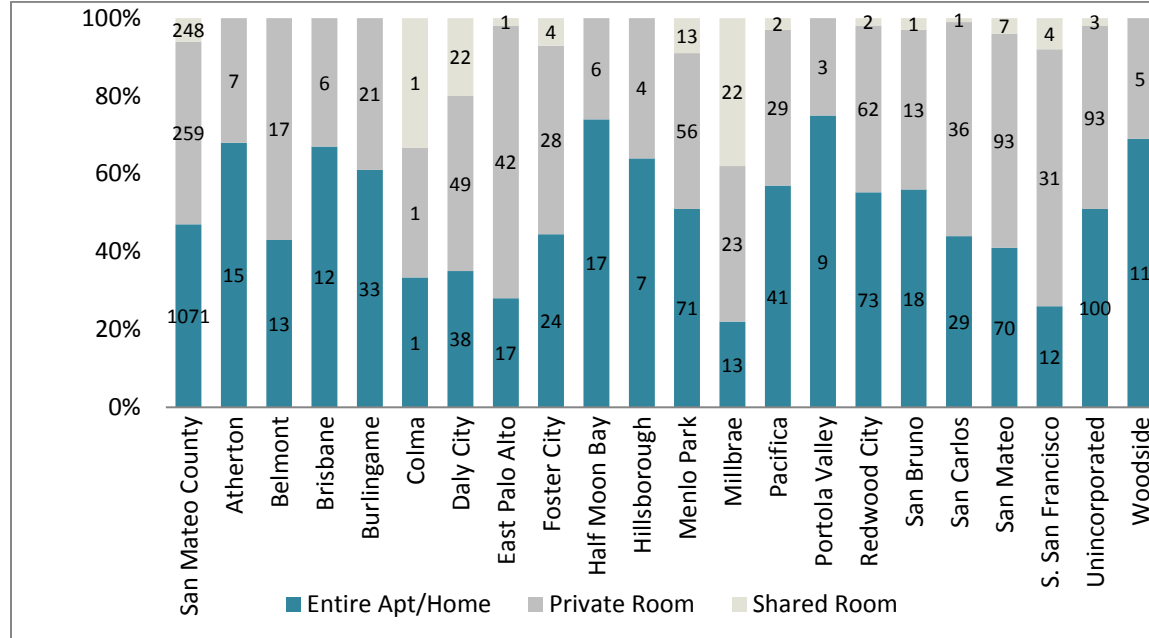
that units were rented an average 100 days per year, bringing in an income of \$1,195 per month.

The countywide data suggests that location plays an important role in the type of rental activities that are most common in a jurisdiction. Cities that are considered popular tourist destinations or preferred locations for vacation home rentals, such as Half Moon Bay, have a higher percentage of entire home listings. Additionally, wealthier areas have a higher rate of entire home rentals, likely because the property owners are less motivated to rent rooms for extra money. Owners of these wealthier properties tend to mostly be single listings, and tend to be available year round. Areas with larger houses also are more likely to see the entire home rented out as a corporate retreat, either during the day or overnight.

Other jurisdictions that are close to airports, or have high student and short-term worker populations, have a higher demand for less expensive private and shared rooms. This type of listing makes up two-thirds of the rentals in cities like Millbrae, Daly City and South San Francisco. The majority of these owners have multiple properties listed, suggesting that they are super hosts.

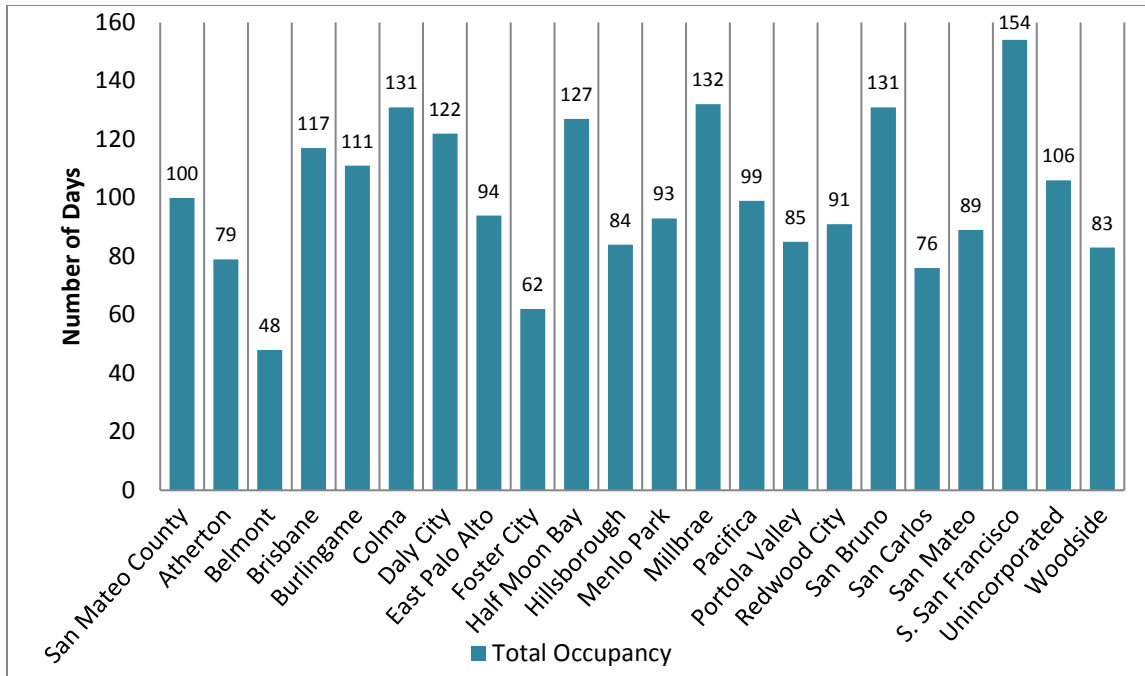
Rentals by Room Type

This graph shows the percentage of short-term rentals and amount by type, including entire home or apartment, private room and shared room. Numbers within columns represent how many listings of each type were present in jurisdictions during October 2015.



Short-Term Rental Occupied Days Per Year

This graphs shows how many days short-term rentals were occupied (rented) during the year. Total occupancy includes all room types – entire home or apartments, private rooms and shared rooms. Numbers above columns represent the average days per year that an average unit was rented as of October 2015. See Appendix 1a and 1b for more detailed information.



Regulatory Options

There are many levels of regulation to consider. The challenge is to decide which types of rental activities a jurisdiction wants to encourage, regulate or not allow. The graphic below illustrates a continuum of regulatory choices related to short-term rentals.



21 Elements conducted a survey of various jurisdictions to offer insight into some of the policy options jurisdictions want to have considered. Several jurisdictions in California and Oregon have developed short-term rental regulations that are worth reviewing. These include St. Helena, Petaluma, San Francisco, Santa Cruz County, Newport Beach, San Luis Obispo and Bend, Oregon (Tables 3a and 3b)⁸. These cities provide examples of how jurisdictions can respond in a variety of ways to different short-term rental activities.

Sample Regulatory Approaches

Many jurisdictions apply different amounts of regulation to different types of short-term rentals. The table below provides an example of how a jurisdiction’s regulatory strategy might vary across types of rentals and use.

How Regulation Can Vary Dependent on Type of Rental and Use

⁸ Please see 21elements.com for updates to this list.



Type of Rental	Occasional Use as Short Term Rental	Year Round Use as Short Term Rental
Shared Bedroom	Tax only	Tax only
Private Bedroom	Regulate lightly	Regulate lightly
Second Unit	Regulate heavily	Do not allow
Entire home	Regulate heavily	Do not allow

The most common questions for cities deciding on a regulatory approach are:

- Which types of units, if any, can be rented?
- Is there a limit on the number of days they are rented?
- Is a permit required?
- Are taxes collected?
- How are the rules enforced?

Beyond the initial list there are a number of other considerations including:

- Do hosts have to live at the unit being rented?
- Will there be safety inspections of the units?
- Will neighbors receive notification if someone wants to be a host?
- Must there be a manager identified if the owner is not available on site?
- Are there length of occupancy limits?
- Are there parking requirements?
- Are there specific noise restrictions?
- Are there limits on the number or proximity to other rentals in a given area?
- Should hosts have to have liability insurance?
- Are there reporting requirements?
- Are there specific procedures for complaints by tenants or neighbors?

Option 1. Collecting Transient Occupancy Tax (TOT)

Websites like Airbnb have been willing to collect a TOT and remit it to jurisdictions on a semi-annual basis. A number of local cities, including Redwood City, San Francisco and Berkeley have negotiated deals where their hotel tax is automatically collected. Assuming a ten percent tax, San Mateo County could likely generate over two million dollars per year. Some cities, like Redwood City, have earmarked a percentage of this to affordable housing.

Option 2. Requiring Permits

A common strategy for cities looking to regulate short-term rentals is to require a local permit. It is important to balance the cost and difficulty for a potential host to acquire a permit with the need for regulation. If it is too expensive or difficult to get a permit, casual hosts may be discouraged from applying. However, a professional host may not be discouraged by such regulation. Also, an overly cumbersome permitting system may result in people renting their homes without permits. Nonetheless, permits are a potentially important strategy to help cities understand and regulate the short-term rental market.



Most cities surveyed issue ministerial permits that are renewed every one or two years, with an initial fee ranging from \$50 to \$300. Permits vary across jurisdictions — Petaluma reduces renewal fees, while San Francisco issues one permit per permanent resident and requires proof of insurance. Santa Cruz County and St. Helena have discretionary permits with decisions deferred to the Planning Director and Commission.

For the permitting process, there are many decisions to make such as cost, what department will issue permits, notices to neighbors, business license requirements, length of permit and the revocation process. Jurisdictions have also shown interest in requiring online listings to display host permit numbers, which both hosts and sites have been resistant to do.

Limitations can be set on occupancy, parking, the number or proximity a unit is to other rentals and the number of available days per year a unit can be rented. Doing so can help reduce impacts to traffic, noise and neighborhood character. There are also numerous other actions to consider including residency requirements, inspections, and requiring liability insurance and company reporting.

Every jurisdiction surveyed also has a permit revocation policy. For instance, Petaluma will not renew a permit if there is an outstanding Transit Occupancy Tax (TOT) due. Santa Cruz County requires conflict resolution acceptance, and most cities have a revocation clause if there are complaints or code violations. Further, the City of Encinitas identifies the failure to acquire a permit as a misdemeanor.

Option 3. Occupancy, Parking and Noise Complaint Resolution Options

Limits on occupancy, parking, and noise can help address many conflicts that come up, such as increased traffic, negative impacts to neighborhood character and disruptions. **The most common occupancy limit on the number of people is two times the number of bedrooms plus two people.** Other strategies include allowing no more than four guests at a time.

There are a variety of parking regulations that can be adopted as well. Many jurisdictions require parking on site, from one or two spaces per unit. Additional parking requirements may include prohibition on overnight street parking.

Requiring rentals to comply with existing noise and public nuisance regulations is also common. Doing so could potentially burden Police or other departments that carry out enforcement of regulations. Additional requirements include posting a noise notice in units and revoking permits with repeated violations.

Option 4. Notice to Neighbors

Multiple cities require a notice radius ranging from adjacent buildings to up to 300 feet from a unit, which is required either before or after the issuance of a permit. Additionally, a handful of cities require notices to include contact information for an available and responsible party, and the display of permits in a conspicuous on-site location. San Luis Obispo also allows their



Community Development Director to hold a public hearing when substantiated written complaints are received.

Option 5. Inspections

While several jurisdictions do not have a specific policy for inspections, they expect compliance with existing fire and building codes. St. Helena requires an annual inspection by the fire department, Bend has properties inspected prior to permit issuance, and Encinitas performs inspections if there have been complaints.

Option 6. Management and Residency Requirements

Management and residency requirements are particularly helpful to regulate un-hosted units, and ensure that if issues arise, there is someone available to promptly respond. One popular management policy is to require a manager, owner or responsible party to respond on-site within a given time limit, such as within fifteen minutes or up to one hour. Other cities have taken a more lenient approach and required that someone be available by phone 24/7 to resolve issues.

While not as common as management requirements, residency requirements are now being considered by some jurisdictions. Cities like San Francisco and San Luis Obispo require owner or lessee occupancy and that the property be their primary residence.

Enforcement

Jurisdictions have found it much easier to develop short-term rental regulations than to enforce them. San Francisco recently passed an ordinance requiring hosts to register with the City's newly formed Office of Short-Term Rentals, and submit quarterly reports for the Residential Rental Registry. However, even with San Francisco's \$900,000 per year registry budget, they are unable to fully know who has exceeded the 90-day availability cap on un-hosted listings, let alone who has failed to register. Although many cities have similarly required hosts to register for licenses, they frequently are only able to respond to complaints.

To increase effectiveness, some jurisdictions are considering whether or not to allow citizens and affordable housing non-profits to directly sue hosts who break the law. Doing so could provide assistance to cities dealing with multiple cases and those cities with limited resources.

It can be difficult to know who is in compliance without involving hosting platforms like Airbnb. **The relatively small number of hosts who are violating the law in cities like San Francisco – including professional hosts and those in breach of the 90 day availability cap - account for a disproportionately small amount of company revenue.** One option jurisdictions have is to make it illegal for sites to list rentals from unregistered hosts. Another option is to require host license numbers on listings. Unless a jurisdiction decides on a complete ban on short-term rental activity, regulations will be difficult to enforce without requiring an enforcement role from the rental sites.



Finally, it may be worth considering a multi-city effort to coordinate, fund and implement enforcement efforts.



APPENDIX

Table 1a: San Mateo Countywide Short-Term Rental Data, October 2015

Overall Totals and Room Types

JURISDICTION	LISTINGS	REVIEWS	TOTAL AVG. PRICE PER NIGHT	ROOM TYPE					
				Entire Home/Apt		Private Room		Shared Rooms	
				Total	%	Total	%	Total	%
San Mateo County	1330	18797	193	1071	46.9	259	46.8	248	6.2
Atherton	22	230	291	15	68.2	7	31.8	0	0
Belmont	30	239	246	13	43.3	17	56.7	0	0
Brisbane	18	301	193	12	66.7	6	33.3	0	0
Burlingame	54	1707	213	33	61.1	21	38.9	0	0
Colma	3	40	116	1	33.3	1	33.3	1	33.3
Daly City	109	1180	119	38	34.9	49	45	22	20.2
East Palo Alto	60	695	128	17	28.3	42	70	1	1.7
Foster City	54	275	175	24	44.4	28	48.1	4	7.4
Half Moon Bay	23	589	274	17	73.9	6	26.1	0	0
Hillsborough	11	155	419	7	63.6	4	36.4	0	0
Menlo Park	140	1887	208	71	50.7	56	40	13	9.3
Millbrae	58	898	116	13	22.4	23	39.7	22	37.9
Pacifica	72	841	173	41	56.9	29	40.3	2	2.8
Portola Valley	12	128	393	9	75	3	25	0	0
Redwood City	137	1376	201	73	53.3	62	45.3	2	1.5
San Bruno	32	526	192	18	56.3	13	40.6	1	3.1
San Carlos	66	857	228	29	43.9	36	54.5	1	1.5
San Mateo	170	2131	174	70	41.2	93	54.7	7	4.1
S. San Francisco	47	945	134	12	25.5	31	66	4	8.5
Unincorporated	196	3716	1496	100	51	93	47.4	3	1.5
Woodside	16	81	396	11	68.8	5	31.3	0	0

Listings, Reviews and Prices Per Night

Airbnb guests may leave a review after their stay and these can be used in addition to listings as an indicator of Airbnb activity. Total average price per night is across room types.

Room Type

Of the total listings, these numbers represent the amount of each rental type – entire home or apartment, private room and shared room.



Table 1b: San Mateo Countywide Short-Term Rental Data, October 2015
Occupancy Estimations and Annual Availability

JURISDICTION	ESTIMATIONS			AVAILABILITY					
	Days Per Year	Occupancy	Income Per Month	High		Low		Average Days	Average Days High
				Total	%	Total	%		
San Mateo County	100	27.4	1195	1071	80.5	259	19.5	248	297.5
Atherton	79	21.6	1412	21	95.5	1	4.5	299.1	310.7
Belmont	48	13.2	702	22	73.3	8	26.7	221.8	290.1
Brisbane	117	32.1	1553	17	94.4	1	5.6	306.1	324.1
Burlingame	111	30.6	1250	43	79.6	11	20.4	230.5	279.1
Colma	131	36	1325	3	100	0	0	334.7	334.7
Daly City	122	33.5	1057	85	78	24	22	249.2	307.2
East Palo Alto	94	25.6	990	55	91.7	5	8.3	295.9	319.2
Foster City	62	16.9	663	45	83.3	9	16.7	273.7	324.6
Half Moon Bay	127	34.7	2824	19	82.6	4	17.4	222.5	263.4
Hillsborough	84	23.1	1048	10	90.9	1	9.1	273.1	298.3
Menlo Park	93	25.5	1290	108	77.1	32	22.9	234.1	290.8
Millbrae	132	36.2	905	50	86.2	8	13.8	278.8	315.6
Pacifica	99	27.1	1204	59	81.9	13	18.1	251	297.5
Portola Valley	85	23.1	1835	9	75	3	25	203.3	258.3
Redwood City	91	25.1	1138	111	81	26	19	246.3	294.2
San Bruno	131	35.9	1309	23	71.9	9	28.1	201.6	267.5
San Carlos	76	20.8	950	55	83.3	11	16.7	260.8	303.7
San Mateo	89	24.4	943	130	76.5	40	23.5	232.3	289.6
S. San Francisco	154	42.3	1081	32	68.1	15	31.9	205.7	282.3
Unincorporated	106	29.1	1496	159	81.1	37	18.9	250.7	295.9
Woodside	83	22.7	2734	15	93.8	1	6.3	292.4	306.9

Estimations

The minimum stay, price and number of reviews have been used to estimate the number of days rented per year, the occupancy rate and the income per month for each listing.

Availability

An Airbnb host can setup a calendar for their listing so that is available for a few days or weeks a year as well as all year-round. Entire homes or apartments highly available



year-round probably do not have an owner present.

Source: Inside Airbnb <http://insideairbnb.com/san-mateo-county/>

Table 2: Single and Multiple Listings by Jurisdiction

JURISDICTION	LISTINGS			
	Single		Multiple	
	Total	%	Total	%
San Mateo County	760	57.1	570	42.9
Atherton	11	50	11	50
Belmont	28	93.3	2	6.7
Brisbane	11	61.1	7	38.9
Burlingame	36	66.7	18	33.3
Colma	1	33.3	2	66.7
Daly City	46	42.2	63	57.8
East Palo Alto	17	28.3	43	71.7
Foster City	28	51.9	26	48.1
Half Moon Bay	19	82.6	4	17.4
Hillsborough	7	63.6	4	36.4
Menlo Park	96	68.6	44	31.4
Millbrae	16	34.5	34	65.5
Pacifica	46	63.9	26	36.1
Portola Valley	8	66.7	4	33.3
Redwood City	76	55.5	61	44.5
San Bruno	24	75	8	25
San Carlos	34	51.5	32	48.5
San Mateo	99	58.2	71	41.8
S. San Francisco	32	68.1	15	31.9
Unincorporated	107	54.6	89	45.4



Woodside	14	87.5	2	12.5	Inside Airbnb Data, October 2015
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Some Airbnb hosts have multiple listings. A host may list separate rooms in the same apartment, or multiple apartments or homes that are available to rent in their entirety.

Hosts with multiple listings are more likely to be running a business and less likely to be living in their property.

Table 3a: Short-Term Rental Regulation Comparison by Jurisdiction
Permits, Departments, Notices, Residency Requirements and Inspection



Jurisdiction	Type of Permit	Hearing Body/ Responsible Department	Notice to Neighbors	Residency Requirement	Inspection
St. Helena (Napa County)	Discretionary; max. 25 active permits. \$1075 application fee	Planning Director; PC review if $\geq 30\%$ neighbors oppose notice, or if owner isn't a natural person.	300 ft. radius prior to action on permit, and annually after permit granted	Only property owner may apply; single-family homes only.	Annual inspection by FD
Petaluma (Sonoma County)⁹	Ministerial; \$300 initial fee, \$100 renewal fee	Planning Director	100 ft. radius AFTER approval	Non-hosted rentals capped at 90 days/yr	No; applicant self-certifies health & safety status
County of Santa Cruz	Discretionary	Planning Director; may refer to PC	Prior to action on permit	None	No; plans must show code compliance.
San Francisco¹⁰	Ministerial; \$50 fee. 1 permit per permanent resident. Proof of insurance req'd.	Planning Dept. staff	-	Permanent resident (natural person, owner or lessee). Primary residence only. Non-hosted rentals 90 days/yr	-

⁹ Currently in public hearing process; subject to change.

¹⁰ San Francisco ordinance may undergo further review and revisions due to difficulties in implementation.



Jurisdiction	Type of Permit	Hearing Body/ Responsible Department	Notice to Neighbors	Residency Requirement	Inspection
Bend, OR	Ministerial; \$275 Initial and \$200 for renewal.	Planning Dept. Staff	Annual notification (by mail or hand delivery) within 250 ft. radius or post a small placard within public view.	Only property owner can apply	CDD or designee will inspect the property prior to acceptance.
Encinitas	Ministerial; \$150	Office of the City Clerk	Notify adjacent neighbors and provide them with a contact who is available 24/7 in case of problems.	None	Office of the City Manager can inspect if there are any complaints of code violations.
Newport Beach	Ministerial; \$150 plus business license fee (varies by zoning district)	Finance Department	Display permit on-site in a conspicuous place.	None	None.
San Luis Obispo	Ministerial \$312; requests to waive parking requirement subject to discretionary approval (administrative use permit) \$873	Community Development Department; Director or designee	Contact information for the property owner must be provided to the adjacent neighbors. CDD Director may elect to hold public hearing for admin use permit if substantiated written complaints are received.	Owner occupancy required; dwelling must be owner's primary residence. Proof required with permit application.	Performance standards require compliance with fire and building codes, but no inspection required for receiving a permit.



Table 3b: Short-Term Rental Regulation Comparison by Jurisdiction
 Management, Occupancy Limits, Parking, Noise, Business License/TOT and Penalties

Jurisdiction	Management	Occupancy Limits	Parking	Noise	Business License/TOT	Permit Revocation/Penalties
St. Helena (Napa County)	Manager who can respond within 30 min.	2x the # of bedrooms plus 2 people	Must provide 2 spaces on-site; no street parking allowed overnight.	Quiet hours 10 p.m.- 7 a.m.	Yes/Yes	Permit valid for 2 yrs; may be revoked by Director if the owner violates Ordinance or conditions.
Petaluma (Sonoma County)¹¹	Manager who can respond with 1 hr.	2x the # of bedrooms plus 2 people	Must meet min. standard of district or apply for CUP	Must comply with adopted noise standards	Yes/Yes	May not be renewed if TOT is outstanding, neighbor complaints, etc.
County of Santa Cruz	Manager who lives within 30 mi.	2x the # of bedrooms plus 2 people; 2x max for daytime gatherings	Renter's cars must be parked on-site except for 2 cars allowed on-street	Must comply with adopted noise standards; notice must be posted in unit	Yes/Yes	Conflict resolution acceptance is required. Handled by County mediation center.
San Francisco¹²	Yes; permanent resident or other designated contact.	-	-	-	Yes/ Yes; collected by hosting platform	Permit valid for 2 yrs; code violations cause for revocation. Penalties may apply.

¹¹ Currently in public hearing process; subject to change.

¹² San Francisco ordinance may undergo further review and revisions due to difficulties in implementation.



Jurisdiction	Management	Occupancy Limits	Parking	Noise	Business License/TOT	Permit Revocation/ Penalties
Bend, OR	Owner/manager has to be available (by phone etc.) 24/7 while someone is renting the property.	Limits of the household.	One parking spot per bedroom	Must comply with Bend adopted noise standards.	Maybe /Yes (business license applicability left undefined in ordinance; not specifically referenced in business license code)	Renew every year, can be revoked and/or penalized for code violations. If not renewed it is immediately revoked.
Encinitas	Must have a contact who is available 24/7 for neighbors and the city.	Overnight occupancy limited to 2 per bedroom plus one.	Must be located on private property and to city standards; no overflow street parking permitted overnight.	Comply with state and local noise/public nuisance regulations.	Yes/Yes	No permit results in a misdemeanor. There are four levels of fines that can be imposed for infractions. Can revoke permit for code violations.
Newport Beach	Property owner or designated agent.	Per CBC as adopted and/or amended in Title 15 of Newport Beach muni code	None required.	Loud and Unruly Gathering ordinance enforced by PD; repeated violations may lead to permit revocation.	Yes/ Yes	Complaints and violations require an inspection. If they find evidence of a violation they can revoke the permit. Four levels of fines for violations, and if you do not have a permit it results in a misdemeanor.
San Luis Obispo	Owner must be within a 15-minute drive of the property and available to respond by phone to complaints.	No more than four adult guests at a time.	One on-site parking space required in addition to parking for dwelling.	Must comply with city noise ordinance.	Yes/ Yes; additional tourism business improvement district tax.	Violation will result in revocation. At any time the permit can be sent to an AUP hearing and if there is enough evidence the CDD can revoke or apply conditions to permit.

