



# QUARTERLY FINANCIAL REPORT

## THIRD QUARTER 2017-18

### (January 1, 2018 – March 31, 2018)

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

#### **GENERAL FUND FINANCIAL POSITION**

In Fiscal Year 2017-18, the General Fund includes budgeted revenue of approximately \$18.0 million and budgeted expenditures of \$15.3 million, including mid-year budget adjustments to revenues and expenditures. In addition, the General Fund has budgeted transfers of \$1.2 million. A transfer represents resources in one fund that are transferred to another fund. The primary transfers in the current year budget are for Capital Project funding (\$888,840) and Debt Service (\$297,070). Transfers will be completed in June 2018.

	FISCAL YEAR 2016-2017			FISCAL YEAR 2017-2018		
	Actual Thru June 2017	Actual Thru March 2017	% of Actual for Period	Amended Budget	Actual Thru March 2018	% of Budget
Revenue	\$ 18,125,608	\$ 11,262,393	62%	\$ 17,986,197	\$ 11,660,562	65%
Expenditures	(13,323,024)	(10,275,080)	77%	(15,323,653)	(10,462,187)	68%
Net Transfers In/(Out)	(5,848,997)	(5,642,773)	96%	(1,185,910)	(63,790)	5%
Net Change	(1,046,413)	(4,655,459)		1,476,634	1,134,585	
Beginning Balance	22,594,248	22,594,248		21,547,834	21,547,834	
Balance Year to Date	<u>\$ 21,547,834</u>	<u>\$ 17,938,788</u>		<u>\$ 23,024,468</u>	<u>\$ 22,682,419</u>	

#### **MAJOR GENERAL FUND REVENUE SOURCES**

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

	FISCAL YEAR 2016-2017			FISCAL YEAR 2017-2018		
	Actual Thru June 2017	Actual Thru March 2017	% of Actual for Period	Amended Budget	Actual Thru March 2018	% of Budget
Sales Tax	\$ 11,191,459	\$ 6,862,787	61%	\$ 11,450,000	\$ 6,911,274	60%
Cardroom Tax	4,278,510	2,768,629	65%	4,120,000	2,776,380	67%
Property Tax	573,995	351,060	61%	613,300	365,762	60%
Sewer Fees	741,229	414,785	56%	740,000	424,322	57%
Subtotal: Major Revenues	<u>\$ 16,785,193</u>	<u>\$ 10,397,261</u>	62%	<u>\$ 16,923,300</u>	<u>\$ 10,477,737</u>	62%
Total All General Fund Revenue	18,125,608	11,262,393	62%	17,986,197	11,660,562	65%
% of Total Revenue	93%	92%		94%	90%	

As shown in the previous table approximately 65 percent of the General Fund Revenue was collected in the first nine months of the fiscal year. A narrative explanation is provided below for key deviations.

- Sales Tax revenue represents actual retail transactions through January 31<sup>st</sup> plus advances received for the third quarter from the Board of Equalization. It is 60 percent of budget because sales tax distributions are generally three months behind, resulting in three months of sales tax plus the fourth quarter distribution in the month of June. Based on input from the Town's Sales Tax Consultant (HdL), the 2017-18 sales tax revenue should meet the 2017-18 Amended Budget of \$11.5 million.
- Similar to 2017-18, Cardroom Tax is 67 percent of budget. Cardroom tax receipts are generally one month behind with two payments recorded in June. Overall, Cardroom tax revenues is trending slightly ahead of last year's revenues for the same period. Cardroom taxes can fluctuate from year to year based on a variety of factors.
- Property taxes for the current year reflect the first major installments. The second installment comes in April. Comparing actual receipts to the same period last year, property tax revenue is 4.2 percent higher. This is consistent with the housing market growth in the county. A small portion may be attributable to advance payment of both property tax installments in 2017 by Town residents. The 2017-18 property revenue is anticipated to be below budget by \$35,000 by June 30, 2018.
- Sewer Fees are collected on the Property Tax bill. The fees represent the first of two major installments received from Property Tax payments. The second installment comes in April. The revenues are on target for this quarter.

**GENERAL FUND EXPENDITURES**

Overall, expenditures compared to the prior year performance through the third quarter, total expenditure is trending lower in the current year (FY 2017 = 77% and FY 2018 = 68%).

**COMPARISON OF EXPENDITURES BY CATEGORIES**

	FISCAL YEAR 2016-2017			FISCAL YEAR 2017-2018		
	Actual Thru June 2017	Actual Thru March 2017	% of Actual for Period	Amended Budget	Actual Thru March 2018	% of Budget
Salaries & Benefits	\$ 8,025,659	\$ 6,202,558	77%	\$ 9,207,663	\$ 6,507,555	71%
Operating Services & Supplies	1,423,143	1,059,940	74%	1,865,420	1,069,024	57%
Contractual / Professional Service	2,332,962	1,559,699	67%	2,295,460	1,295,100	56%
Infrastructure Maint Contract Svcs	203,461	115,084	57%	403,010	174,557	43%
Sewer Services	816,630	816,630	100%	900,000	817,336	91%
Insurance (Liability / Property)	521,169	521,169	100%	652,100	598,615	92%
<b>Total Expenditures</b>	<b>\$ 13,323,024</b>	<b>\$ 10,275,080</b>	<b>77%</b>	<b>\$ 15,323,653</b>	<b>\$ 10,462,187</b>	<b>68%</b>

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

- Salaries & Benefits is 71 percent of budget, compared to 77 percent in 2016-17 for the same period. This is the result of vacancies in the City Manager's Office and personnel changes in Police and Recreation departments, resulting in salary savings. The 2017-18 budget accounted for pension and other benefit increase, agreed upon MOU increases and the \$400,000 increase in Other Post-Employment Benefit (OPEB) contribution. As shown in the previous table, Salaries & Benefits is the most significant portion of General Fund expenditures, 60 percent the 2017-18 Amend Budget.
- Operating Services & Supplies is trending slightly higher than actual spending in 2016-17 for the same period. This category includes a variety of charges from staff development, utility, office and maintenance supplies, facilities and roadway maintenances, and recreation programs and events. Base on spending trend, Operating Services & Supplies expenditure is anticipated to be 10 percent below budget.
- Contractual/Professional Services is the second largest expenditure category in General Fund, at 15 percent of budget. It includes a variety of professional as well as service contracts associated with providing Town services. To date, the Town has been invoiced for services through January 2018 and is on track to stay within budget.
- Infrastructure Maintenance Contract Service costs can be impacted by weather and are not typically distributed throughout the year.
- Sewer Service costs are over 90% of the budget. This is a typical pattern as the collection and treatment system payments to the providers are made early in the Fiscal Year. The remainder of the budgeted expenses would be associated with maintenance expense on the system during the year.
- A significant portion of the Insurance expense has been incurred. This is a typical pattern as most of these costs are insurance premiums. The premium payment for liability and property insurance is due in the first month of the Fiscal Year.

#### **ADDITIONAL GENERAL FUND DETAILS AND INFORMATION**

This reporting format was prepared by the Finance Department to highlight in summary fashion key indicators of the Town General Fund Financial performance.

Additional Financial Reports – including earlier Quarterly Financial Reports, Audits and Budgets are available on the Town website at [www.colma.ca.gov](http://www.colma.ca.gov).

This report will be posted on the Town website after it has been reviewed by the City Council.

## **HIGH LEVEL SUMMARY – ALL FUNDS**

The Table below provides a summary of “All Funds” and their activity for the two quarters ending March 31, 2018. This report highlights in summary fashion key indicators of the Town Financial performance.

As mentioned earlier the General Fund is the most significant fund when it comes to the operations of the Town, however, it is also appropriate to consider the other sources of funding. As shown the balance held in Capital Project Funds is approximately \$11.8 million.

### **TOWN OF COLMA QUARTERLY REPORT OF ALL FUNDS (PRELIMINARY BALANCE AND ACTIVITY - CASH BASIS) QUARTER 3 - FISCAL YEAR 2017-2018**

<b>Fund Type / Name</b>	<b>Fund Balance @ 7/1/2017</b>	<b>Year-to-date Revenue</b>	<b>Year-to-date Expenditures</b>	<b>Transfers In/(Out)</b>	<b>Fund Balance @ 3/31/2018</b>
<b>General Fund</b>					
General Fund (11)	\$ 21,547,834	\$ 11,660,562	\$ (10,462,187)	\$ (63,790)	\$ 22,682,419
<b>Subtotal</b>	<b>21,547,834</b>	<b>11,660,562</b>	<b>(10,462,187)</b>	<b>(63,790)</b>	<b>22,682,419</b>
<b>Special Revenue</b>					
State Gas Tax Fund (21)	0	31,270	(15,851)	-	15,419
Measure A Transportation (22)	111,144	40,999	-	-	152,143
Transportation Grant (23)	-	58,315	(73,355)	-	(15,040)
State Police Grant (27)	30,195	126	(11,450)	-	18,871
Police Grant / COPS (29)	148,331	117,888	(84,567)	-	181,652
<b>Subtotal</b>	<b>289,670</b>	<b>248,598</b>	<b>(185,223)</b>	<b>-</b>	<b>353,044</b>
<b>Capital Project Funds</b>					
General Capital (31)	13,579,939	2,650	(1,722,079)	(29,499)	11,831,010
Town Hall Capital (33)	1,729,571	13,319	(1,742,888)	-	2
<b>Subtotal</b>	<b>15,309,509</b>	<b>15,970</b>	<b>(3,464,968)</b>	<b>(29,499)</b>	<b>11,831,012</b>
<b>Debt Service Funds</b>					
COP Debt Services (43)	45	238	(93,334)	93,289	238
<b>Subtotal</b>	<b>45</b>	<b>238</b>	<b>(93,334)</b>	<b>93,289</b>	<b>238</b>
<b>Internal Service Fund</b>					
Fleet Replacement (61)	753,160	4,724	(112,587)	-	645,296
<b>Subtotal</b>	<b>753,160</b>	<b>4,724</b>	<b>(112,587)</b>	<b>-</b>	<b>645,296</b>
<b>Trust Funds*</b>					
OPEB-Retiree Medical (71)	1,686,932	963,315	(476,891)	-	2,173,357
PARS Pension Trust (72)	20,064	635	(39)	-	20,661
<b>Subtotal</b>	<b>1,706,996</b>	<b>963,951</b>	<b>(476,929)</b>	<b>-</b>	<b>2,194,018</b>
<b>GRAND TOTAL</b>	<b>\$ 39,607,215</b>	<b>\$ 12,894,041</b>	<b>\$ (14,795,229)</b>	<b>\$ -</b>	<b>\$ 37,706,027</b>

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