

TOWN OF COLMA
COLMA, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2018

INTRODUCTORY SECTION

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Town of Colma
List of Elected Officials, Appointed Officials & Contract Service Providers
as of June 30, 2018

Elected City Officials

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

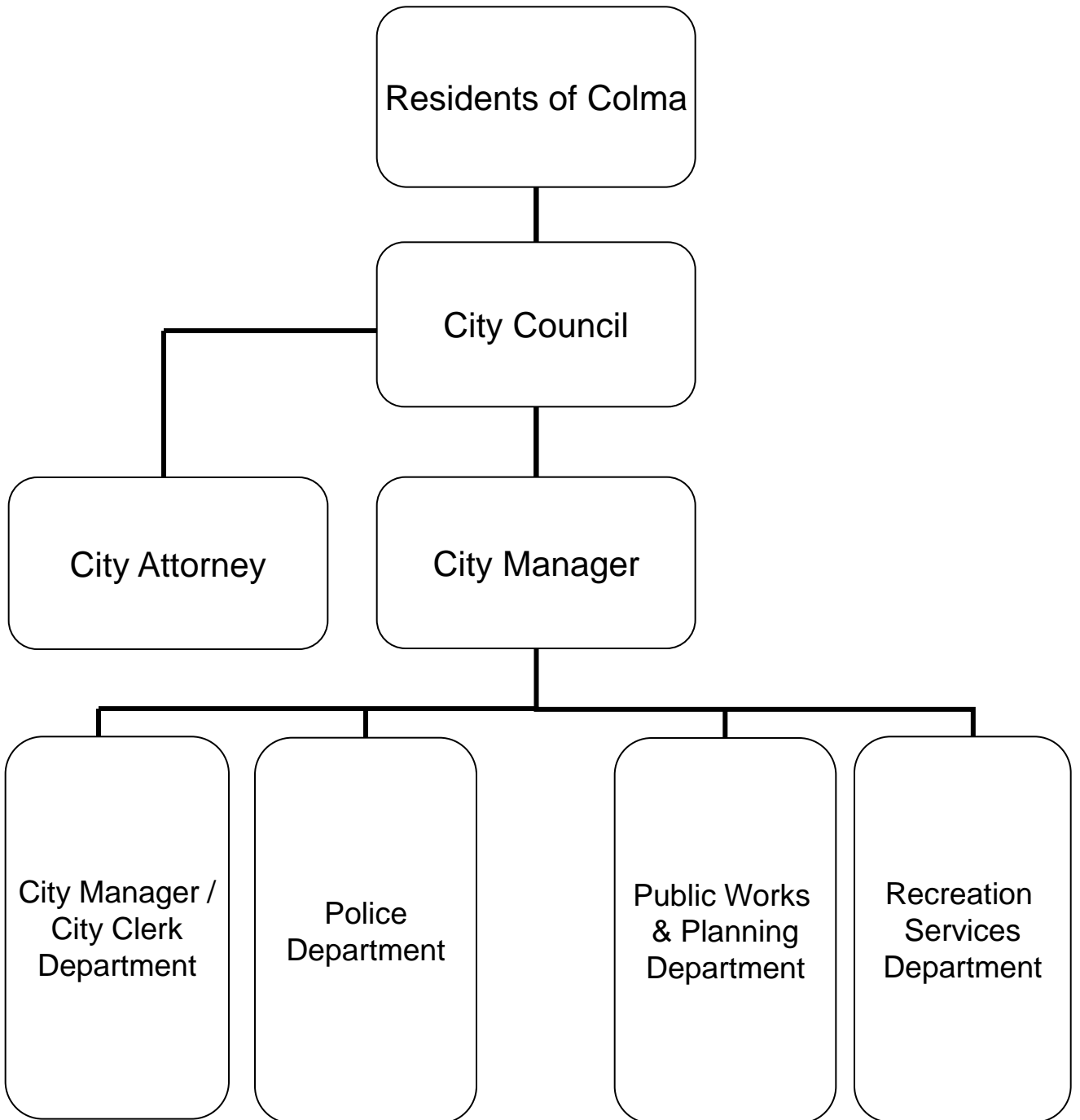
Appointed City Officials

| | |
|----------------------------------|---------------|
| City Manager | Brian Dossey |
| Chief of Police | Kirk Stratton |
| Administrative Services Director | Pak Lin |

Other Key City Services Under Contract

| | |
|----------------------------|----------------------|
| Legal Services | Best, Best & Krieger |
| Planning Services | CSG Consultants |
| Engineering Services | CSG Consultants |
| Building Official Services | CSG Consultants |

Town of Colma



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Town Council
Town of Colma
Colma, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Colma, as of and for the year ended June 30, 2018, 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, 2018, 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 42-48) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information, listed as Combining and Individual Fund Schedules, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

R.J. Ricciardi, Inc.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California
January 15, 2019

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018. Please read this document in conjunction with the accompanying basic financial statements.

FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2018 include the following:

Entity-wide:

- The Town's total net position was \$63,783,107 as of June 30, 2018.
- Entity-wide Governmental revenues of \$19,228,578 include program revenues of \$2,212,866 and general revenues of \$17,015,712.
- Entity-wide Governmental expenses were \$17,129,356.

Fund Level:

- Governmental Fund balances decreased \$4,302,502 in fiscal year 2018 due to drawing down on the capital fund reserve to complete the Town Hall Campus Renovation Project.
- Governmental Fund revenues increased \$519,231 in fiscal year 2018 due to an increase in sales tax revenues, better than expected investment return, and collection of one-time housing impact fee.
- Governmental Fund expenditures increased \$6,021,045 in fiscal year 2018 due to increased spending as the Town Hall Campus Renovation Project enters the Construction Phase.

General Fund:

- General Fund revenues were \$619,941 higher than the prior year due to higher sales tax revenues collected, better rate of return on investment, and the collection of the housing impact fee.
- General Fund expenditures represented an increase of \$1,359,829 from the prior year due to changes in the City Council approved COLA increase and additional contribution to retiree medical (OPEB trust).
- General Fund's fund balance of \$24,456,213 as of June 30, 2018, was \$2,908,377 greater than fiscal year 2017's ending fund balance of \$21,547,836.

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.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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.

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 Capital Improvement Fund and Town Hall COP Project Fund are also Major Funds for the year ended June 30, 2018. 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.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

These services solely benefit the government function. A separate Statement of Net Position and Statement of Cash Flow is included for the ISF.

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 <u>Governmental Net Position at June 30, 2018</u> Governmental Activities | | |
|---|----------------------|----------------------|
| | 2018 | 2017 |
| Current and other assets | \$ 36,637,402 | \$ 38,857,263 |
| Capital assets, net of accumulated depreciation | <u>55,792,687</u> | <u>48,736,758</u> |
| Total assets | <u>92,430,089</u> | <u>87,594,021</u> |
| Deferred outflows | <u>5,473,214</u> | <u>3,588,760</u> |
| | | |
| Current liabilities | 3,250,950 | 1,097,238 |
| Long-term liabilities | <u>30,599,836</u> | <u>21,266,729</u> |
| Total liabilities | <u>33,850,786</u> | <u>22,363,967</u> |
| Deferred inflows | <u>269,410</u> | <u>558,859</u> |
| | | |
| Net position: | | |
| Invested in capital assets, net of debt | 50,892,687 | 43,726,758 |
| Unrestricted | <u>12,890,420</u> | <u>24,533,197</u> |
| Total net position | <u>\$ 63,783,107</u> | <u>\$ 68,259,955</u> |

The Town's governmental net position amounted to \$63,783,107 as of June 30, 2018, a decrease of \$4,476,848 from 2017. This decrease resulted from prior period adjustments to record OPEB liability, in accordance with GASB 75, offset by the increase in the Change in Governmental Net Position, as shown in Table 2.

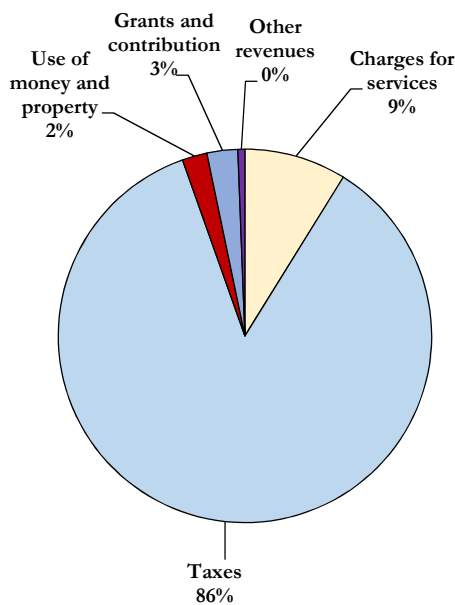
The Town's net position as of June 30, 2018 comprised the following:

- Cash and investments of \$34,260,122 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 \$2,377,280 as explained in Note 4B to the financial statements.

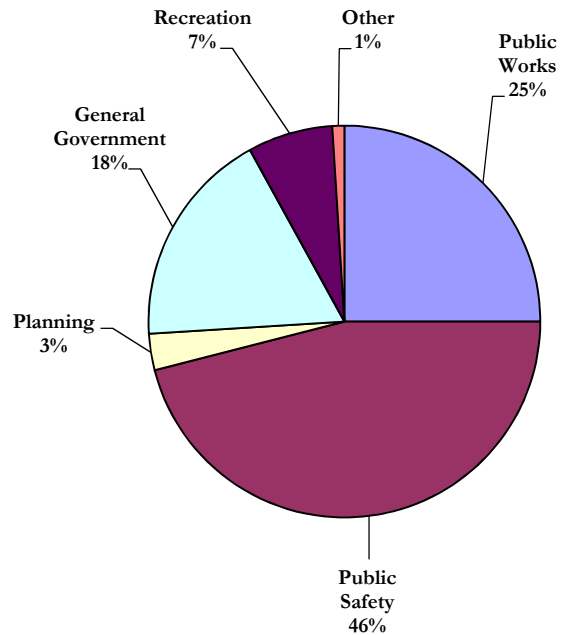
Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

- Capital assets of \$55,792,687, net of depreciation charges, which includes all the Town's capital assets used in governmental activities as discussed in Note 4C.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$3,250,950.
- Long-term liabilities payable of \$30,878,623, 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 and net OPEB liability.
- Net position invested in capital assets, net of related debt, of \$50,892,687, 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 \$12,890,420 of unrestricted net position as of June 30, 2018.

Sources of Revenues



Functional Expenses



As the Sources of Revenues Chart shows, \$16,485,766, or 86%, of the Town's fiscal year 2018 governmental activities revenue came from taxes, while \$513,985, or 3%, came from grants and contributions, \$416,023, or 2%, came from use of money and property, \$1,698,881, or 9%, came from charges for services, and other revenues consisted of \$113,923, or 0%.

The Functional Expenses Chart includes only current year expenses; it does not include capital outlays, which were added to the Town's capital assets. As the Chart shows, general government is \$3,158,045, or 18%, of total government expenses, planning is \$443,700, or 3%, public works is \$4,256,204, or 25%, public safety is \$7,877,748, or 46%, recreation is \$1,210,189, or 7%, with other expenses comprising the final 1%.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

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

| | 2018 | 2017 |
|----------------------------------|------------------|------------------|
| <u>Expenses</u> | | |
| General government | \$ 3,158,045 | \$ 2,821,469 |
| Planning | 443,700 | 470,802 |
| Public works | 4,256,204 | 4,519,003 |
| Public safety | 7,877,748 | 5,693,256 |
| Recreation | 1,210,189 | 1,066,457 |
| Interest | 183,469 | 185,669 |
| Total expenses | 17,129,355 | 14,756,656 |
| <u>Revenues</u> | | |
| Program revenues: | | |
| Charges for services | 1,698,881 | 1,597,327 |
| Capital grants and contributions | 513,985 | 325,979 |
| Total program revenues | 2,212,866 | 1,923,306 |
| General revenues: | | |
| Taxes | 16,485,766 | 16,295,452 |
| Other revenues | 416,023 | 247,803 |
| Use of money and property | 113,923 | 242,786 |
| Total general revenues | 17,015,712 | 16,786,041 |
| Total revenues | 19,228,578 | 18,709,347 |
| Change in net position | \$ 2,099,223 | \$ 3,952,691 |

As the Sources of Revenue Chart and Table 2 above show, \$2,212,866, or 13%, of the Town's fiscal year 2018 governmental revenue, came from program revenues and \$17,015,712, or 87%, came from general revenues such as taxes, interest and miscellaneous receipts.

Program revenues were composed of charges for services of \$1,698,881 which include sewer service fees, permit revenues, fees and charges used to fund expenses incurred in providing services; and grants and contributions of \$513,985, 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, 2018, the Town's general funds reported combined ending balances of \$24,456,213 an increase of \$2,908,377.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

General Fund revenues increased \$619,941 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 increased \$1,359,829 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.

Capital Improvement 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, 2018, the Fund had a balance of \$8,015,221. During the year, \$6,509,525 in expenditures were accounted for in the fund. The fund received transfers from the General Fund totaling \$888,840.

Town Hall COP Project Fund

In September 2015, the Town completed 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 \$1,742,887 and the balance available at June 30, 2018 was \$0.

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 2018, 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 2018 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, 2018 |
|---|-----------------------------|
| <u>Governmental Activities</u> | |
| Land | \$ 7,595,471 |
| Construction in progress | 13,643,658 |
| Infrastructure-street systems | 26,525,709 |
| Buildings | 19,507,124 |
| Improvements other than buildings | 3,478,524 |
| Machinery and equipment | 2,518,022 |
| Less: accumulated depreciation | (17,475,821) |
| Governmental activity capital assets, net | \$ 55,792,687 |

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

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2018

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 2016 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, 2018, the Town's debt issues comprised:

Table 4
Outstanding Debt

| | June 30, 2018 |
|--|---------------|
| <u>Governmental Activity Debt:</u> | |
| Certificates of Participation | \$ 4,900,000 |
| Net Other Post-Employment Benefit Obligation | 13,892,928 |
| Net Pension Liability | 10,682,188 |
| Compensated absences | 1,403,507 |
| Total | \$ 30,878,623 |

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 82% of the total revenue in government funds in the year ending June 30, 2018.

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 2018-19 Adopted Budget assumes sales tax revenues are \$11,750,000 – or a 3.1% increase over the current year's actual revenues of \$11,397,118.

Cardroom taxes remains stable in FY 2017-18 compared to the last five years and is anticipated to remain a stable source of income in the coming year.

The Operating Budget for FY 2018-19 provides \$16,755,529 in funding to operating departments – an increase of almost \$1,248,466 from the FY 2017-18 amended budget of \$15,507,063. The increase is partially due to the following:

- Employee salary and benefit increases in accordance to negotiated agreements.
- New and reclassification of budgeted positions.
- 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.

These increases were partially offset by decreases on other accounts throughout the budget. Also, beyond the Operating Department Budgets, in the 2018-19 Budget the Town will transfer \$675,000 in resources from the General Fund towards important capital improvement projects.

Town of Colma
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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, 2018

ASSETS

Current assets:

| | |
|----------------------|---------------|
| Cash and investments | \$ 34,260,122 |
| Receivables: | |
| Taxes | 1,778,868 |
| Accounts | 470,905 |
| Accrued interest | 127,507 |
| Total current assets | 36,637,402 |

Noncurrent assets:

Capital assets:

| | |
|--|------------|
| Non-depreciable | 21,239,129 |
| Depreciable, net of accumulated depreciation | 34,553,558 |
| Total noncurrent assets | 55,792,687 |

| | |
|--------------|------------|
| Total assets | 92,430,089 |
|--------------|------------|

DEFERRED OUTFLOWS

| | |
|---------------------------------------|-----------|
| Deferred outflows related to OPEB | 1,610,181 |
| Deferred outflows related to pensions | 3,863,033 |
| Total Deferred Outflows | 5,473,214 |

LIABILITIES

Current liabilities:

| | |
|---|-----------|
| Accounts payable and accrued expenses | 2,652,701 |
| Deposits | 319,462 |
| Compensated absences | 168,787 |
| Certificates of participation due in one year | 110,000 |
| Total current liabilities | 3,250,950 |

Noncurrent liabilities due in more than one year:

| | |
|--|------------|
| Compensated absences | 1,234,720 |
| Certificates of participation | 4,790,000 |
| Net pension liability | 10,682,188 |
| Net other post-employment benefit obligation | 13,892,928 |
| Total noncurrent liabilities | 30,599,836 |

| | |
|-------------------|------------|
| Total liabilities | 33,850,786 |
|-------------------|------------|

DEFERRED INFLOWS

| | |
|--------------------------------------|---------|
| Deferred Inflows related to pensions | 269,410 |
|--------------------------------------|---------|

NET POSITION

| | |
|---|---------------|
| Invested in capital assets, net of related debt | 50,892,687 |
| Unrestricted | 12,890,420 |
| Total net position | \$ 63,783,107 |

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

Town of Colma
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

| <u>Functions/Programs</u> | <u>Expenses</u> | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Town Governmental Activities |
| <u>Town Government</u> | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 3,158,045 | \$ - | \$ - | \$ - | \$ (3,158,045) |
| Public safety | 7,877,748 | 97,848 | 160,552 | - | (7,619,348) |
| Public works | 4,256,204 | 1,194,533 | 69,799 | 283,634 | (2,708,238) |
| Recreation | 1,210,189 | 142,078 | - | - | (1,068,111) |
| Planning | 443,700 | 264,422 | - | - | (179,278) |
| Interest on long-term debt | 183,469 | - | - | - | (183,469) |
| | <u>17,129,355</u> | <u>1,698,881</u> | <u>230,351</u> | <u>283,634</u> | <u>(14,916,489)</u> |
| Total Town Government | <u>\$ 17,129,355</u> | <u>\$ 1,698,881</u> | <u>\$ 230,351</u> | <u>\$ 283,634</u> | <u>(14,916,489)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | | | | | 601,116 |
| Sales taxes | | | | | 11,397,118 |
| Cardroom taxes | | | | | 4,352,743 |
| Other taxes | | | | | 134,789 |
| Use of money and property | | | | | 416,023 |
| Other revenues | | | | | 113,923 |
| | | | | | <u>17,015,712</u> |
| Total general revenues and special items | | | | | <u>17,015,712</u> |
| Change in net position | | | | | <u>2,099,223</u> |
| Net position beginning of period | | | | | 68,259,955 |
| Prior period adjustment | | | | | (6,576,071) |
| Net position beginning of period restated | | | | | <u>61,683,884</u> |
| Net position ending of period | | | | | <u>\$ 63,783,107</u> |

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

Town of Colma
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018

| | General Fund | Town Capital Projects Fund | Town Hall COP Project | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|-------------------------------|--------------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | | | |
| Cash and investments | \$ 23,433,102 | \$ 9,731,547 | \$ 79,335 | \$ 364,247 | \$ 33,608,231 |
| Taxes receivable | 1,778,868 | - | - | - | 1,778,868 |
| Accounts receivable | 432,860 | 553 | - | 37,492 | 470,905 |
| Accrued interest receivable | 127,507 | - | - | - | 127,507 |
| Total Assets | \$ 25,772,337 | \$ 9,732,100 | \$ 79,335 | \$ 401,739 | \$ 35,985,511 |
| <u>LIABILITIES</u> | | | | | |
| Accounts payable | \$ 519,609 | \$ 1,445,248 | \$ - | \$ 28,613 | \$ 1,993,470 |
| Accrued expenditures | 308,266 | 271,631 | 79,335 | - | 659,232 |
| Compensated absences | 168,787 | - | - | - | 168,787 |
| Deposits | 319,462 | - | - | - | 319,462 |
| Total Liabilities | 1,316,124 | 1,716,879 | 79,335 | 28,613 | 3,140,951 |
| <u>FUND BALANCES</u> | | | | | |
| Committed | 15,542,000 | - | - | - | 15,542,000 |
| Unassigned | 7,964,213 | - | - | (11,269) | 7,952,944 |
| Assigned | 950,000 | 8,015,221 | - | 384,395 | 9,349,616 |
| Total Fund Balances | 24,456,213 | 8,015,221 | - | 373,126 | 32,844,560 |
| Total Liabilities and Fund Balances | \$ 25,772,337 | \$ 9,732,100 | \$ 79,335 | \$ 401,739 | \$ 35,985,511 |
| Total Governmental Fund Balances | | | | | \$ 32,844,560 |
| 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. | | | | | 55,792,687 |
| The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. | | | | | 651,891 |
| 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. | | | | | (25,506,031) |
| Net position of Governmental Activities | | | | | \$ 63,783,107 |

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, 2018

| | General Fund | Town Capital Projects Fund | Town Hall COP Project | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|-------------------------------|--------------------------|--------------------------------|--------------------------------|
| <u>REVENUES</u> | | | | | |
| Property taxes | \$ 601,116 | \$ - | \$ - | \$ - | \$ 601,116 |
| Sales taxes | 11,397,118 | - | - | - | 11,397,118 |
| Cardroom taxes | 4,352,743 | - | - | - | 4,352,743 |
| Other taxes | 127,789 | - | - | - | 127,789 |
| Licenses and permits | 278,046 | - | - | - | 278,046 |
| Fines and forfeits | 73,907 | - | - | - | 73,907 |
| Intergovernmental | 54,636 | - | - | 377,645 | 432,281 |
| Use of money and property | 396,108 | - | 15,505 | 4,410 | 416,023 |
| Other revenues | 307,338 | 85,466 | - | - | 392,804 |
| Charges for services | 1,156,751 | - | - | - | 1,156,751 |
| Total revenues | <u>18,745,552</u> | <u>85,466</u> | <u>15,505</u> | <u>382,055</u> | <u>19,228,578</u> |
| <u>EXPENDITURES</u> | | | | | |
| Current: | | | | | |
| General government | 3,156,444 | - | - | 1,601 | 3,158,045 |
| Public safety | 7,086,688 | - | - | 128,125 | 7,214,813 |
| Public works | 2,887,103 | 6,509,525 | 1,742,887 | 172,618 | 11,312,133 |
| Recreation | 1,108,920 | - | - | - | 1,108,920 |
| Planning | 443,700 | - | - | - | 443,700 |
| Debt service: | | | | | |
| Principal | - | - | - | 110,000 | 110,000 |
| Interest | - | - | - | 183,469 | 183,469 |
| Total expenditures | <u>14,682,855</u> | <u>6,509,525</u> | <u>1,742,887</u> | <u>595,813</u> | <u>23,531,080</u> |
| Excess (deficiency) of revenues over expenditures | <u>4,062,697</u> | <u>(6,424,059)</u> | <u>(1,727,382)</u> | <u>(213,758)</u> | <u>(4,302,502)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | |
| Transfers in | 29,499 | 888,840 | 193 | 297,361 | 1,215,893 |
| Transfers out | <u>(1,183,819)</u> | <u>(29,499)</u> | <u>(2,382)</u> | <u>(193)</u> | <u>(1,215,893)</u> |
| Total other financing sources (uses) | <u>(1,154,320)</u> | <u>859,341</u> | <u>(2,189)</u> | <u>297,168</u> | <u>-</u> |
| Net change in fund balances | <u>2,908,377</u> | <u>(5,564,718)</u> | <u>(1,729,571)</u> | <u>83,410</u> | <u>(4,302,502)</u> |
| Fund balances, beginning of period | 21,547,836 | 13,579,939 | 1,729,571 | 259,521 | 37,116,867 |
| Prior period adjustment | - | - | - | 30,195 | 30,195 |
| Fund balances, beginning of period restated | <u>21,547,836</u> | <u>13,579,939</u> | <u>1,729,571</u> | <u>289,716</u> | <u>37,147,062</u> |
| Fund balances, end of period | <u>\$ 24,456,213</u> | <u>\$ 8,015,221</u> | <u>\$ -</u> | <u>\$ 373,126</u> | <u>\$ 32,844,560</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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (4,302,502)

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

CAPITAL ASSET TRANSACTIONS

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 (\$1,259,871) exceeds capital outlays \$8,315,801 in the current period.

7,055,930

LONG TERM DEBT PROCEEDS AND PAYMENTS

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

-

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

110,000

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

(101,269)

ACCRUAL OF NON-CURRENT ITEMS

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

Compensated Absences (113,130)

Pension expense (669,394)

OPEB expense 119,588

Net difference 6,401,725

Change in Net Position of Governmental Activities \$ 2,099,223

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

Town of Colma
 PROPRIETARY FUNDS
STATEMENT OF NET POSITION
 June 30, 2018

| | Enterprise Funds |
|-------------------------|--|
| | Governmental Activities Internal Service Fund |
| | |
| <u>ASSETS</u> | |
| Current assets: | |
| Cash and investments | \$ 651,891 |
| Total current assets | 651,891 |
| <u>NET POSITION</u> | |
| Unrestricted | 651,891 |
| Total net position | \$ 651,891 |

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, 2018

| | Enterprise Funds |
|--|--|
| | Governmental Activities Internal Service Fund |
| | Fund |
| Operating revenues: | |
| Charges for services | \$ - |
| Total operating revenues | - |
| Operating expenses: | |
| Materials, supplies, rent and services | 112,587 |
| Total operating expenses | 112,587 |
| Operating income (loss) | (112,587) |
| Non-operating revenues (expenses): | |
| Interest and other income | 8,173 |
| Sale of property | 3,145 |
| Total non-operating revenues (expenses) | 11,318 |
| Change in net position | (101,269) |
| Net position, beginning of period | 753,160 |
| Net position, end of period | \$ 651,891 |

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, 2018

| | Enterprise Funds |
|---|--|
| | Governmental Activities Internal Service Fund |
| | Fund |
| Cash flows from operating activities: | |
| Receipts from other funds for services | \$ - |
| Payments to suppliers | (112,587) |
| Net cash provided (used) by operating activities | (112,587) |
| Cash flows from investing activities: | |
| Interest and other income | 8,173 |
| Net cash provided by investing activities | 8,173 |
| Cash flows from capital and related financing activities | |
| Sale of property | 3,145 |
| Net cash provided by capital and related financing activities | 3,145 |
| Net increase (decrease) in cash and cash equivalents | (101,269) |
| Cash and cash equivalents - beginning of period | 753,160 |
| Cash and cash equivalents - end of period | \$ 651,891 |
| Reconciliation of operating income (loss) to net cash provided (used in) operating activities: | |
| Operating income (loss) | \$ (112,587) |
| 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 | \$ (112,587) |

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

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018

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 funds:

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.

Capital Improvement Fund accounts for resources transferred from the General Fund to complete capital improvement projects.

The Town Hall COP Project Fund accounts for the proceeds of the financing for a portion of the Town Hall Remodel project.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Capital Assets

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

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

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

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

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

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 No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 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, 2018

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, 2018

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 | \$ 73,268,508 |
| Less: accumulated depreciation | <u>(17,475,821)</u> |
| Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ 55,792,687</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 – pension | \$ 3,863,033 |
| Deferred outflows – OPEB | 1,610,181 |
| Deferred inflows – pension | (269,410) |
| Compensated absences | (1,234,720) |
| Certificates of participation | (4,900,000) |
| Net other post-employment benefit obligation | (13,892,928) |
| Net pension liability | <u>(10,682,188)</u> |
| Net adjustment to decrease <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i> | <u>\$ (25,506,032)</u> |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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 | \$ 8,263,302 |
| Depreciation expense | (1,207,373) |
| Internal service fund | (101,269) |
| Compensated absences | (113,130) |
| Certificates of participation | 110,000 |
| Pension expense | (669,394) |
| Net other post-employment benefit obligation (OPEB) | <u>119,588</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>\$ 6,401,724</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 | \$ 6,453,677 |
| Cash and investments with fiscal agent | 2,541 |
| Local Agency Investment Fund (LAIF) | 8,872,646 |
| San Mateo County Treasurer’s Investment Pool | <u>18,931,258</u> |
| Total | <u>\$ 34,260,122</u> |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. Cash and Investments (continued)

The Town's total cash and investments consisted of:

| | |
|--------------|----------------------|
| Unrestricted | \$ <u>34,257,581</u> |
|--------------|----------------------|

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, 2018, the Town holds \$2,541 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, 2018

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, 2018, 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, 2018:

| <u>Investment Type</u> | <u>Level 2</u> | <u>Exempt</u> | <u>Total</u> |
|---|----------------------|---------------|----------------------|
| California Local Agency Investment Fund | \$ 8,872,646 | \$ - | \$ 8,872,646 |
| San Mateo Co. Treasurer's Investment Pool | 18,931,258 | - | 18,931,258 |
| Held by Trustees: | | | |
| U.S. Treasury Notes | <u>2,541</u> | - | <u>2,541</u> |
| Total investments | <u>\$ 27,806,445</u> | <u>\$ -</u> | 27,806,445 |
| Cash in banks and on hand | | | <u>6,453,677</u> |
| Total cash and Investments | | | <u>\$ 34,260,122</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, 2018 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 | 8,872,646 |
| San Mateo County Treasurer's Investment Pool | 18,931,258 |
| Cash in banks and on hand | 6,453,677 |
| Exempt from rating requirement: | |
| U.S. Treasury Notes | <u>2,541</u> |
| Total cash and investments | <u>\$ 34,260,122</u> |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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 | \$ 127,507 | \$ - | \$ 127,507 |
| Taxes | 1,778,868 | - | 1,778,868 |
| Accounts | <u>432,860</u> | <u>38,045</u> | <u>470,905</u> |
| Net total receivables | <u>\$ 2,339,235</u> | <u>\$ 38,045</u> | <u>\$ 2,377,280</u> |

C. Capital Assets

Capital asset activity for the year ended June 30, 2018 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>5,439,550</u> | <u>8,204,108</u> | - | <u>13,643,658</u> |
| Total capital assets, not being depreciated | <u>13,035,021</u> | <u>8,204,108</u> | - | <u>21,239,129</u> |
| Capital assets, being depreciated | | | | |
| Buildings | 19,507,125 | - | - | 19,507,125 |
| Improvements other than buildings | 3,478,524 | - | - | 3,478,524 |
| Machinery and equipment | 2,458,828 | 122,194 | 63,000 | 2,518,022 |
| Infrastructure - street systems | <u>26,525,709</u> | - | - | <u>26,525,709</u> |
| Total capital assets, being depreciated | <u>51,970,186</u> | <u>122,194</u> | <u>63,000</u> | <u>52,029,379</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,908,577) | (385,735) | - | (5,294,312) |
| Improvements other than buildings | (2,042,970) | (162,628) | - | (2,205,598) |
| Machinery and equipment | (1,495,697) | (203,930) | 52,499 | (1,647,128) |
| Infrastructure - street systems | <u>(7,821,205)</u> | <u>(507,578)</u> | - | <u>(8,328,783)</u> |
| Total accumulated depreciation | <u>(16,268,449)</u> | <u>\$(1,259,871)</u> | <u>\$ 52,499</u> | <u>(17,475,821)</u> |
| Total capital assets, being depreciated, net | <u>35,701,737</u> | | | <u>34,553,558</u> |
| Governmental activities capital assets net | <u>\$48,736,758</u> | | | <u>\$55,792,687</u> |

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

| | |
|--|---------------------|
| Governmental activities: | |
| Public works | \$ 1,259,871 |
| Total depreciation expense - governmental activities | <u>\$ 1,259,871</u> |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. Interfund Receivables, Payables and Transfers

Interfund transfers at June 30, 2018 were as follows:

| | Transfers In | Transfers Out |
|----------------------------|--------------|---------------|
| General Fund | \$ 29,499 | \$ 1,183,819 |
| Debt service | 297,361 | 193 |
| Town Capital Project Fund | 888,840 | 29,499 |
| Town Hall COP Project Fund | 193 | 2,382 |
| Totals | \$ 1,215,893 | \$ 1,215,893 |

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 2018 fiscal year was as follows:

| | Beginning Balances | Additions | Reductions | Ending Balances | Due Within One Year |
|-------------------------------|-----------------------|--------------|------------|--------------------|------------------------|
| Certificates of Participation | \$ 5,010,000 | \$ - | \$ 110,000 | \$ 4,900,000 | \$ 115,000 |
| Net OPEB | 5,796,066 | 8,096,862 | - | 13,892,928 | - |
| Net Pension Liability | 9,449,072 | 1,233,116 | - | 10,682,188 | - |
| Compensated absences | 1,121,586 | 281,921 | - | 1,403,507 | 168,787 |
| Totals | \$21,376,724 | \$ 9,611,899 | \$ 110,000 | \$30,878,623 | \$ 283,787 |

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, 2018

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, 2018, including interest payments, are as follows:

| <u>Period Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------|---------------------|---------------------|---------------------|
| 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 | 280,000 | 11,200 | 291,200 |
| Total | <u>\$ 4,900,000</u> | <u>\$ 3,017,456</u> | <u>\$ 7,917,456</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, 2018

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, 2018, the Town incurred liability claims expenses totaling \$73,362. There was one open claim as of June 30, 2018.

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, 2018

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

The Plan provisions and benefits in effect at June 30, 2018, are summarized as follows:

| | Town Miscellaneous | | |
|---|-----------------------------|--|--------------------------------|
| | Prior to August 1, 2012 | 8/1/2012 – 12/31/2012 (or “Classic”) | On or after January 1, 2013 |
| Benefit formula | 2.5% @ 55 | 2% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensations | 2.0% to 2.5% | 1.091% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 8% | 7% | 6.25% |
| Required employer contribution rates | 19.176% | 8.005% | 6.25% |
| | Town Safety | | |
| | Prior to January 1, 2012 | On or after January 1, 2012 (or “Classic”) | On or after January 1, 2013 |
| 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, 2018

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

| | |
|------------------------|----------------------------|
| | <u>Total Miscellaneous</u> |
| Employer Contributions | \$333,699 |
| | <u>Total Safety</u> |
| Employer Contributions | \$930,366 |

As of June 30, 2018, 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 | \$ 3,044,014 |
| Safety | 7,638,174 |
| Total Net Pension Liability | \$ 10,682,188 |

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, 2017, 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, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

| | |
|--------------------------------|----------------------|
| <u>Town Miscellaneous Plan</u> | <u>Miscellaneous</u> |
| Proportion - June 30, 2016 | .077% |
| Proportion - June 30, 2017 | .077% |
| Change – Increase (Decrease) | (.00%) |
| <u>Town Safety Plan</u> | <u>Safety</u> |
| Proportion - June 30, 2016 | .130% |
| Proportion - June 30, 2017 | .128% |
| Change – Increase (Decrease) | (.002%) |

For the year ended June 30, 2018, the Town recognized pension expense of \$1,926,974. At June 30, 2018, 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, 2018

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 | \$ 1,264,065 | \$ - |
| Differences between actual and expected experience | 84,341 | 70,216 |
| Changes in assumptions | 1,598,832 | 122,466 |
| Net differences between projected and actual earnings on plan investments | 352,062 | - |
| Change in proportions and differences between actual contributions and proportionate share of contributions | 563,733 | 76,728 |
| Total | \$ 3,863,033 | \$ 269,410 |

\$1,264,065 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, 2019.

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> | | |
|---------------------------|--|--------------|
| 2019 | | \$ 761,490 |
| 2020 | | 1,089,006 |
| 2021 | | 685,893 |
| 2022 | | (206,830) |
| Total | | \$ 2,329,559 |

Actuarial Assumptions - For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

| | |
|---------------------------|---|
| Valuation Date | June 30, 2016 |
| Measurement Date | June 30, 2017 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Investment Rate of Return | 7.15% (1) |
| Mortality | Derived using CalPERS Membership Data for all Funds (2) |

(1) Net of pension plan investment expenses, including inflation.

(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 2014 experience study report available on CalPERS website.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 - OTHER INFORMATION (continued)

C. Public Employees Retirement System (continued)

Change in Assumptions – In 2017, the accounting discount rate was reduced from 7.65% to 7.15%.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle. 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.

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1-10</u> | <u>Real Return Years 11+</u> |
|-------------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Global Equity | 47% | 4.90% | 5.38% |
| Global Fixed Income | 19% | 0.80 | 2.27% |
| Inflation Sensitive | 6% | 0.60 | 1.39% |
| Private Equity | 12% | 6.60 | 6.63% |
| Real Estate | 11% | 2.80 | 5.21% |
| Infrastructure and Forestland | 3% | 3.90 | 5.36% |
| Liquidity | <u>2%</u> | (0.40) | (0.90)% |
| Total | <u><u>100%</u></u> | | |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

NOTE 5 - OTHER INFORMATION (concluded)

C. Public Employees Retirement System (concluded)

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:

| | Miscellaneous | Safety |
|-----------------------|---------------|--------------|
| 1% Decrease | 6.15% | 6.15% |
| Net Pension Liability | \$4,446,204 | \$11,514,721 |
| Current Discount Rate | 7.15% | 7.15% |
| Net Pension Liability | \$3,044,014 | \$7,638,174 |
| 1% Increase | 8.15% | 8.15% |
| Net Pension Liability | \$1,882,665 | \$4,469,291 |

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.

| Purpose | General Fund | Other Funds | Total |
|---|---------------|--------------|---------------|
| Committed fund balances were: | | | |
| Debt service costs | \$ 600,000 | \$ - | \$ 600,000 |
| Retiree Health Care costs | 42,000 | - | 42,000 |
| Budget Stabilization | 14,900,000 | - | 14,900,000 |
| Total | 15,542,000 | - | 15,542,000 |
| Assigned fund balances were: | | | |
| Litigation | 100,000 | - | 100,000 |
| Insurance | 100,000 | - | 100,000 |
| Disaster response | 750,000 | - | 750,000 |
| Measure A – Transportation Tax | - | 174,399 | 174,399 |
| Gas Tax – Streets and Roads | - | 15,403 | 15,403 |
| Law Enforcement – State Grants | - | 192,052 | 192,052 |
| Debt Service - Trustee | - | 2,541 | 2,541 |
| Capital Projects - Town Capital Project | - | 8,015,221 | 8,015,221 |
| Total | 950,000 | 8,399,616 | 9,349,616 |
| Unassigned fund balances were: | | | |
| General Fund | 7,964,213 | (11,269) | 7,952,944 |
| Grand Total | \$ 24,456,213 | \$ 8,388,347 | \$ 32,844,560 |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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, 2018. The Town's contributions towards this benefit for the fiscal year ended June 30, 2018 were \$44,550.

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

NOTE 7 - POST-EMPLOYMENT BENEFITS OTHER THAN RETIREMENT

Other Post-employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the Town of Colma Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Plan Description

The Town administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date and employment status: General employees, Colma Peace Officers Association (POA) employees, and Police Communications/Records (PCR) employees. Benefits continue to dependents, including surviving spouses.

Benefits Provided

Benefit Tier A covers POA and PCR employees hired before May 31, 2008, and General employees hired before July 1, 2012. The Town pays 100% of medical premiums.

Benefit Tier B covers General employees hired between July 1, 2012 and March 31, 2017, and POA and PCR employees hired after June 1, 2008, but before June 30, 2012. The Town pays the medical premium multiplied by a vesting percentage, ranging from 50% for those with at least 10 years of service to 100% for those who have 20 or more years of service.

Benefit Tier C covers POA and PCR employees hired between July 1 2012 and March 31, 2017. Benefits are the same as Tier B, but the maximum paid by the Town is capped at the highest of the second most costly plan.

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

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

Benefit Tier D for General, POA, and PCR employees hired after April 1, 2017, the Town pays the PEMHCA minimum for those enrolled in a CalPERS medical plan. As stated in the memorandums of understanding with the POA and PCR, the start date for this Tier was January 1, 2017. The implementation of the required plans delayed the implementation to April 1, 2017. No new employees were eligible between January 1, 2017 and March 31, 2017.

The Town pays 100% of the dental premiums for General employees and PCR employees hired before May 1, 2010, and for POA employees hired before June 1, 2008.

Employees Covered by Benefit Terms

At June 30, 2016 (the census date), the benefit terms covered the following employees:

| | |
|---|----|
| Inactive employees or beneficiaries currently receiving benefit payments: | 49 |
| Inactive employees entitled to but not yet receiving benefit payment: | 0 |
| Active plan members: | 42 |

Contributions

The Town establishes rates based on an actuarially determined rate.

For the year ended June 30, 2018 the Town's expected contribution rate is 40.23% of covered-employee payroll. Employees pay the difference between the benefit they receive and the monthly premium.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary increases: Aggregate salary increases 3.00%. Individual salary increases based on CalPERS.

Investment rate of return: 5.50%

Healthcare cost trend rates: 7.00% in the first year, trending down to 3.94% over 58 years.

Mortality rates were based on CalPERS tables.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|--|
| International Stocks | 7.2% | 5.52% |
| Large Cap Value | 2.5% | 5.39% |
| Large Cap Growth | 2.5% | 5.39% |
| Large Cap Core | 9.8% | 5.39% |
| Small Cap | 4.5% | 5.73% |
| Mid Cap | 2.2% | 5.73% |
| Real Estate | 1.4% | 4.25% |
| Cash | 3.5% | 5.39% |
| Inter-Term Bond | 53.5% | 0.65% |
| Short-Term Bond | 10.1% | 2.08% |
| Floating Rate Note | 2.8% | 2.08% |
| Total | <u>100.0%</u> | <u>3.04%</u> |

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that the Town contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Changes in the Net OPEB Liability

| | Increases (Decreases) | | |
|---|--------------------------------|---------------------------------------|------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (c) |
| Balances as of June 30, 2017 | \$ 15,649,149 | \$ 1,610,173 | \$ 14,038,976 |
| Changes for the year: | | | |
| Service cost | 758,157 | - | 758,157 |
| Interest | 843,948 | - | 843,948 |
| Differences between actual and expected experience | - | - | - |
| Contributions | | | |
| Employer - explicit subsidy | - | 1,536,095 | (1,536,095) |
| Employer - implicit subsidy | - | 100,546 | (100,546) |
| Employee | - | - | - |
| Net investment income | - | 116,812 | (116,812) |
| Benefits payments, including refunds of employee contributions | (508,719) | (508,719) | - |
| Implicit rate subsidy fulfilled | (100,546) | (100,546) | - |
| Administrative expenses | - | (5,300) | 5,300 |
| Net changes | <u>992,840</u> | <u>1,138,888</u> | <u>(146,048)</u> |
| Balances as of June 30, 2018 | <u>\$ 16,641,989</u> | <u>\$ 2,749,061</u> | <u>\$ 13,892,928</u> |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) follows:

| Plan's Net OPEB Liability/(Asset) | | |
|-----------------------------------|---------------------------------|-----------------------|
| 1% Decrease (4.5%) | Current Discount Rate (5.5%) | 1% Increase (6.5%) |
| \$ 15,455,747 | \$ 13,892,928 | \$ 10,850,170 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than current healthcare cost trend rates follows:

| Plan's Net OPEB Liability/(Asset) | | |
|--|---|--|
| 1% Decrease 6.00% decreasing to 2.94% | Trend Rate 7.00% decreasing to 3.94% | 1% Increase 8.00% decreasing to 4.94% |
| \$ 10,482,741 | \$ 13,892,928 | \$ 16,174,342 |

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized an OPEB expense of \$1,490,593. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| OPEB contributions subsequent to measurement date | \$ 1,610,181 | \$ - |
| Differences between actual and expected experience | - | - |
| Changes in assumptions | - | - |
| Net differences between projected and actual earnings on OPEB plan investments | - | - |
| Total | \$ 1,610,181 | \$ - |

\$1,610,181 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended

| | |
|---------|------|
| 6/30/18 | \$ - |
| 6/30/19 | - |
| 6/30/20 | - |
| 6/30/21 | - |
| 6/30/22 | - |

Town of Colma
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 8 - PRIOR PERIOD ADJUSTMENT & NEW ACCOUNTING PRONOUNCEMENT

For the year ended June 30, 2018, the beginning net position has been adjusted by \$6,606,268 to decrease the net position balance as of the beginning of the period. The net OPEB liability was adjusted in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Police Safety Grant Fund beginning fund balance was restated to correct a reporting error in the prior year in the amount of \$30,195. The combined prior period adjustments were (\$6,576,071).

REQUIRED SUPPLEMENTAL INFORMATION

Town of Colma
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended June 30, 2018
(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 | \$ 15,999,075 | \$ 16,478,766 | \$ 479,691 |
| Licenses and permits | 170,740 | 278,046 | 107,306 |
| Fines and forfeits | 69,000 | 73,907 | 4,907 |
| Intergovernmental | 17,010 | 54,636 | 37,626 |
| Use of money and property | 477,802 | 396,108 | (81,694) |
| Other revenues | 26,200 | 307,338 | 281,138 |
| Charges for services | 876,370 | 1,156,751 | 280,381 |
| Total revenues | <u>17,636,197</u> | <u>18,745,552</u> | <u>1,109,355</u> |
| <u>EXPENDITURES</u> | | | |
| Current: | | | |
| General government | 3,286,620 | 3,156,444 | 130,176 |
| Public safety | 6,816,610 | 7,086,688 | (270,078) |
| Public works | 3,411,280 | 2,887,103 | 524,177 |
| Planning | 346,710 | 443,700 | (96,990) |
| Recreation | 985,400 | 1,108,920 | (123,520) |
| Total expenditures | <u>14,846,620</u> | <u>14,682,855</u> | <u>163,765</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,789,577</u> | <u>4,062,697</u> | <u>1,273,120</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Transfers in | - | 29,499 | 29,499 |
| Transfers out | <u>(1,185,910)</u> | <u>(1,183,819)</u> | <u>2,091</u> |
| Total other financing sources (uses) | <u>(1,185,910)</u> | <u>(1,154,320)</u> | <u>31,590</u> |
| Net change in fund balance | <u>\$ 1,603,667</u> | 2,908,377 | <u>\$ 1,304,710</u> |
| Fund balance, beginning of period | | <u>21,547,836</u> | |
| Fund balance, end of period | | <u>\$ 24,456,213</u> | |

Town of Colma
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY - MISCELLANEOUS
 June 30, 2018

| Measurement Date, June 30 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|
| Proportion of the net pension liability | 0.07722% | 0.07743% | 0.08263% | 0.07547% |
| Proportion share of the net pension liability | \$ 3,044,014 | \$ 2,689,973 | \$ 2,267,047 | \$ 1,865,120 |
| Covered - employee payroll | \$ 1,714,156 | \$ 1,569,041 | \$ 1,439,421 | \$ 1,680,743 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 177.58% | 156.93% | 144.49% | 129.57% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.31% | 74.06% | 78.40% | 79.82% |

* 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, 2018

| Measurement Date, June 30 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|
| Proportion of the net pension liability | 0.12783% | 0.19457% | 0.19974% | 0.20336% |
| Proportion share of the net pension liability | \$ 7,638,175 | \$ 6,759,099 | \$ 5,479,917 | \$ 5,026,111 |
| Covered - employee payroll | \$ 2,316,450 | \$ 2,180,395 | \$ 2,164,223 | \$ 1,881,631 |
| Proportionate share of the net pension liability as percentage of covered-employee payroll | 329.74% | 309.99% | 253.20% | 267.11% |
| Plan fiduciary net position as a percentage of the total pension liability | 73.31% | 74.06% | 78.40% | 79.82% |

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

Town of Colma
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS
 June 30, 2018

| City Miscellaneous Plan | | | | |
|---|------------------|------------------|-------------------|------------------|
| Fiscal Year Ending June 30 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution (actuarially determined) | \$ 333,699 | \$ 294,899 | \$ 359,763 | \$ 226,748 |
| Contributions in relation to the actuarially determined contributions | <u>(333,699)</u> | <u>(290,520)</u> | <u>(249,024)</u> | <u>(226,748)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ 4,379</u> | <u>\$ 110,739</u> | <u>\$ -</u> |
| | | | | |
| Covered - employee payroll | \$ 2,089,864 | \$ 1,714,156 | \$ 1,569,041 | \$ 1,439,421 |
| | | | | |
| Contributions as a percentage of covered-employee payroll | 15.97% | 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, 2018

City Safety Plan

| <u>Fiscal Year Ending June 30</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|------------------|------------------|-------------------|------------------|
| Contractually required contribution (actuarially determined) | \$ 930,366 | \$ 788,713 | \$ 820,095 | \$ 712,647 |
| Contributions in relation to the actuarially determined contributions | <u>(930,366)</u> | <u>(757,355)</u> | <u>(687,933)</u> | <u>(712,647)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ 31,358</u> | <u>\$ 132,162</u> | <u>\$ -</u> |
| Covered - employee payroll | \$ 2,255,812 | \$ 2,316,450 | \$ 2,180,395 | \$ 2,164,223 |
| Contributions as a percentage of covered-employee payroll | 41.24% | 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
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2018

| Total OPEB Liability | <u>2018</u> |
|--|-----------------------------|
| Service cost | \$ 758,157 |
| Interest | 843,948 |
| Benefit payments, included refunds of employee contributions | (508,719) |
| Implicit rate subsidy fulfilled | <u>(100,546)</u> |
| Net change in total OPEB liability | 992,840 |
| Total OPEB liability - beginning of year | <u>15,649,149</u> |
| Total OPEB liability - end of year | <u><u>\$ 16,641,989</u></u> |
| | |
| Plan Fiduciary Net Position | |
| Net investment income | \$ 116,812 |
| Contributions | |
| Employer - explicit subsidy | 1,536,095 |
| Employer - implicit subsidy | 100,546 |
| Benefit payments, included refunds of employee contributions | (508,719) |
| Implicit rate subsidy fulfilled | (100,546) |
| Administrative expense | <u>(5,300)</u> |
| Net change in plan fiduciary net position | 1,138,888 |
| Plan fiduciary net position - beginning of year | <u>1,610,173</u> |
| Plan fiduciary net position - end of year | <u>2,749,061</u> |
| | |
| District's net OPEB liability - end of year | <u><u>\$ 13,892,928</u></u> |
| | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 16.52% |
| | |
| Covered-employee payroll | \$ 4,068,515 |
| | |
| Net OPEB liability as a percentage of covered-employee payroll | 341.47% |

The schedules present information to illustrate changes in the Town of Colma's changes in the net OPEB liability over a ten year period when the information is available.

Town of Colma
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOWN OF COLMA'S CONTRIBUTIONS - OPEB
For the Year Ended June 30, 2018

| | 2018 |
|--|--------------|
| Actuarially determined contribution | \$ 1,636,641 |
| Contributions in relation to the actuarially determined contribution | (1,636,641) |
| Contribution deficiency (excess) | \$ - |
| | |
| Covered payroll | \$ 4,068,515 |
| | |
| Contributions as a percentage of covered payroll | 40.23% |

The schedules present information to illustrate changes in the Town of Colma's contributions over a ten year period when the information is available.

Notes to Schedule:

Assumptions and Methods

| | |
|--------------------------------|---|
| Actuarial cost method | Entry age normal, level percent of pay |
| Amortization method | Closed period, level percent of pay |
| Amortization period | 20 years |
| Asset valuation method | Market value projected to fiscal year-end 2017 by the Town of Colma |
| Inflation | 2.50% |
| Assumed Rate of Payroll Growth | 3.00% |
| Healthcare trend rates | 7.00%, trending down to 3.94% |
| PEMHCA trend rate | 3.00% |
| Rate of return on assets | 5.50% |
| Mortality rate | CalPERS rates |
| Retirement rates | CalPERS rates |
| Other information | The ADC takes into account the implicit subsidy |

Town of Colma
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

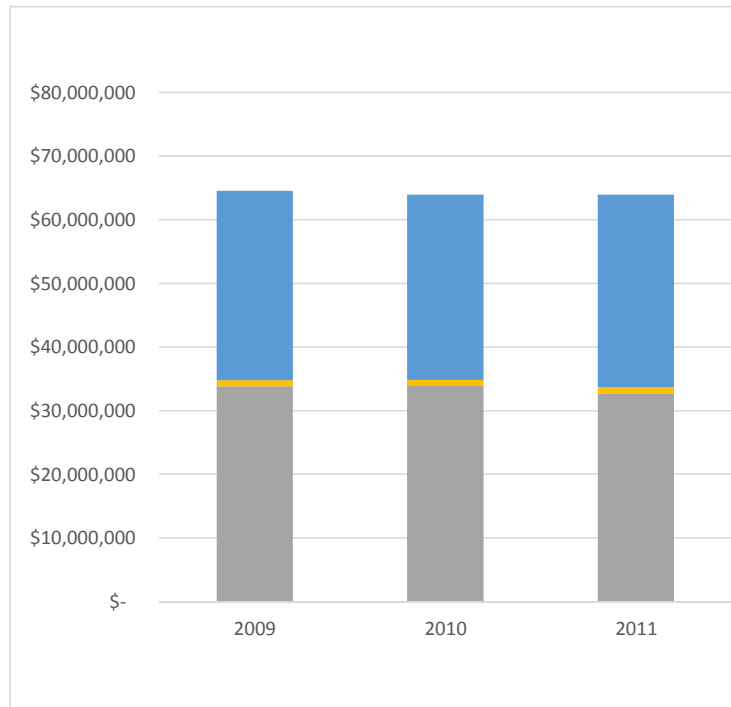
| | <u>Special Revenue Funds</u> | | | | | | Total Nonmajor Governmental Funds |
|--------------------------------------|------------------------------|-------------------|----------------------------------|-------------------------|------------------------------------|-----------------|--|
| | Gas Tax | Measure A | State Transportation Grant | Public Safety Grants | Local law Enforcement Grants | Debt Service | |
| <u>ASSETS</u> | | | | | | | |
| Cash and investments | \$ 17,413 | \$ 163,891 | \$ (12,027) | \$ 18,191 | \$ 174,238 | \$ 2,541 | \$ 364,247 |
| Receivables from other governments | 1,310 | 10,508 | 25,674 | - | - | - | 37,492 |
| Total Assets | <u>\$ 18,723</u> | <u>\$ 174,399</u> | <u>\$ 13,647</u> | <u>\$ 18,191</u> | <u>\$ 174,238</u> | <u>\$ 2,541</u> | <u>\$ 401,739</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 3,320 | \$ - | \$ 24,916 | \$ 73 | \$ 304 | \$ - | \$ 28,613 |
| Total Liabilities | <u>3,320</u> | <u>-</u> | <u>24,916</u> | <u>73</u> | <u>304</u> | <u>-</u> | <u>28,613</u> |
| Fund balances: | | | | | | | |
| Assigned | 15,403 | 174,399 | - | 18,118 | 173,934 | 2,541 | 384,395 |
| Unassigned | - | - | (11,269) | - | - | - | (11,269) |
| Total Fund Balances | <u>15,403</u> | <u>174,399</u> | <u>(11,269)</u> | <u>18,118</u> | <u>173,934</u> | <u>2,541</u> | <u>373,126</u> |
| Total Liabilities and Fund Balances | <u>\$ 18,723</u> | <u>\$ 174,399</u> | <u>\$ 13,647</u> | <u>\$ 18,191</u> | <u>\$ 174,238</u> | <u>\$ 2,541</u> | <u>\$ 401,739</u> |

Town of Colma
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018

| | Special Revenue Funds | | | | | | Total Nonmajor Governmental Funds |
|---|-----------------------|-------------------|----------------------------------|-------------------------|--|------------------|--|
| | Gas tax | Measure A | State Transportation Grant | Public Safety Grants | Local Law Enforcement Grant Fund | Debt Service | |
| Revenues: | | | | | | | |
| Intergovernmental | \$ 44,954 | \$ 61,609 | \$ 131,666 | \$ - | \$ 139,416 | \$ - | \$ 377,645 |
| Use of money and property | 132 | 1,646 | - | 252 | 1,983 | 397 | 4,410 |
| Total revenues | <u>45,086</u> | <u>63,255</u> | <u>131,666</u> | <u>252</u> | <u>141,399</u> | <u>397</u> | <u>382,055</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | 1,601 | 1,601 |
| Public safety | - | - | - | 12,329 | 115,796 | - | 128,125 |
| Public works | 29,683 | - | 142,935 | - | - | - | 172,618 |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 110,000 | 110,000 |
| Interest | - | - | - | - | - | 183,469 | 183,469 |
| Total expenditures | <u>29,683</u> | <u>-</u> | <u>142,935</u> | <u>12,329</u> | <u>115,796</u> | <u>295,070</u> | <u>595,813</u> |
| Excess (deficiency) of revenues over expenditures | <u>15,403</u> | <u>63,255</u> | <u>(11,269)</u> | <u>(12,077)</u> | <u>25,603</u> | <u>(294,673)</u> | <u>(213,758)</u> |
| Other financing sources (uses): | | | | | | | |
| Debt proceeds | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | 297,361 | 297,361 |
| Transfers out | - | - | - | - | - | (193) | (193) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>297,168</u> | <u>297,168</u> |
| Net change in fund balances | <u>15,403</u> | <u>63,255</u> | <u>(11,269)</u> | <u>(12,077)</u> | <u>25,603</u> | <u>2,495</u> | <u>83,410</u> |
| Fund balances, July 1 | - | 111,144 | - | - | 148,331 | 46 | 259,521 |
| Prior period adjustment | - | - | - | 30,195 | - | - | 30,195 |
| Fund balances, July 1 restated | <u>-</u> | <u>111,144</u> | <u>-</u> | <u>30,195</u> | <u>148,331</u> | <u>46</u> | <u>289,716</u> |
| Fund balances, June 30 | <u>\$ 15,403</u> | <u>\$ 174,399</u> | <u>\$ (11,269)</u> | <u>\$ 18,118</u> | <u>\$ 173,934</u> | <u>\$ 2,541</u> | <u>\$ 373,126</u> |

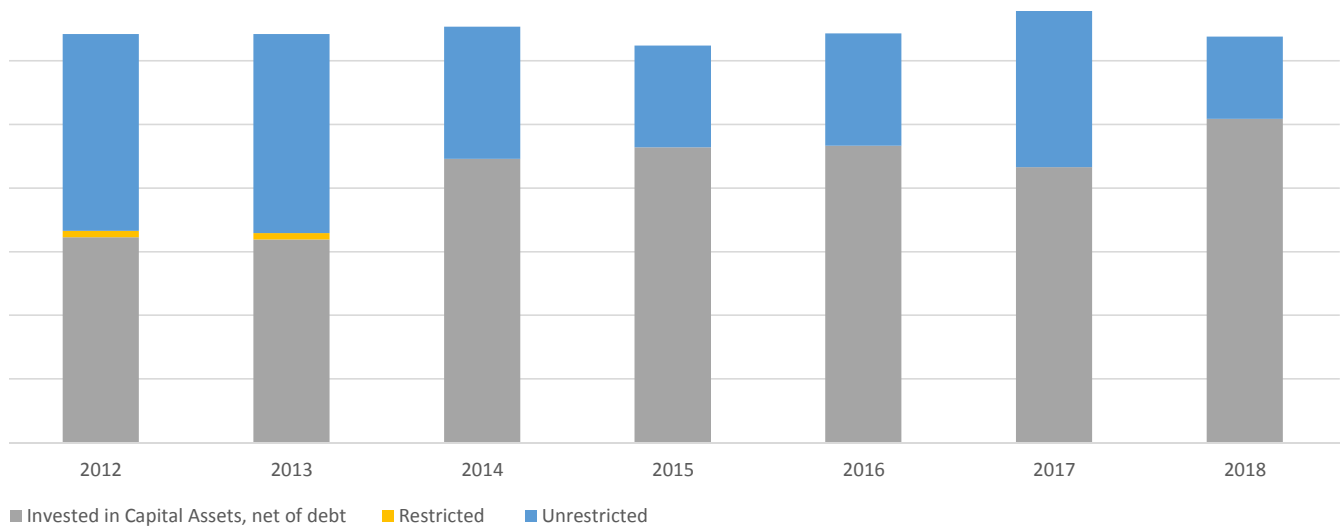
STATISTICAL SECTION

**Town of Colma
 Net Position by Component
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)**



| <i>Governmental activities</i> | 2009 | 2010 | 2011 |
|--|----------------------|----------------------|----------------------|
| Invested in capital assets, net of related debt | \$ 33,839,601 | \$ 33,872,406 | \$ 32,716,909 |
| Restricted | 959,750 | 959,750 | 959,750 |
| Unrestricted | 29,731,736 | 29,091,738 | 30,259,243 |
| Total governmental activities net position | \$ 64,531,087 | \$ 63,923,894 | \$ 63,935,902 |

Net Assets by Component



| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 32,290,889 | \$ 31,939,040 | \$ 44,599,385 | \$ 46,404,513 | \$ 46,657,014 | \$ 43,276,758 | \$ 50,892,687 |
| | 959,750 | 958,050 | 0 | 0 | 0 | 0 | 0 |
| | 30,931,462 | 31,280,801 | 20,760,067 | 15,999,908 | 17,650,250 | 24,533,197 | 12,890,420 |
| \$ | 64,182,101 | \$ 64,177,891 | \$ 65,359,452 | \$ 62,404,421 | \$ 64,307,264 | \$ 67,809,955 | \$ 63,783,107 |

Town of Colma
Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| Expenses | Fiscal Year Ended June 30, | | | |
|---|-----------------------------------|------------------------|------------------------|------------------------|
| | 2009 | 2010 | 2011 | 2012 |
| Governmental activities: | | | | |
| General government | \$ 2,874,961 | \$ 2,735,280 | \$ 2,825,518 | \$ 3,132,552 |
| Public safety | 5,962,790 | 5,887,593 | 5,988,451 | 5,944,039 |
| Public works | 2,978,182 | 3,468,651 | 3,118,437 | 2,990,162 |
| Recreation & parks | 1,096,387 | 1,040,969 | 1,066,492 | 1,061,289 |
| Planning | 549,198 | 533,042 | 584,957 | 464,616 |
| Interest on long-term debts | 667,582 | 608,114 | 598,294 | 587,357 |
| Total governmental activities expenses | <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>\$ 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 |
| Public safety | 84,039 | 70,604 | 98,673 | 83,732 |
| Public works | 383,707 | 348,140 | 362,472 | 385,942 |
| Recreation & parks | 43,763 | 50,014 | 51,440 | 61,940 |
| Planning | 383,707 | 348,139 | 362,471 | 385,942 |
| Operating grants and contributions | 0 | 0 | 0 | 0 |
| Capital grants and contributions | 2,155,277 | 1,793,072 | 2,252,336 | 2,037,958 |
| Total government activities program revenues | <u>3,050,493</u> | <u>2,609,969</u> | <u>3,127,392</u> | <u>2,955,514</u> |
| Total primary government program revenues | <u>\$ 3,050,493</u> | <u>\$ 2,609,969</u> | <u>\$ 3,127,392</u> | <u>\$ 2,955,514</u> |
| Net (expense)/revenue | | | | |
| Governmental activities | \$ (11,078,607) | \$ (11,663,680) | \$ (11,054,757) | \$ (11,224,501) |
| Total primary government net expense | <u>\$ (11,078,607)</u> | <u>\$ (11,663,680)</u> | <u>\$ (11,054,757)</u> | <u>\$ (11,224,501)</u> |
| General revenues and other changes in net assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | \$ 388,565 | \$ 385,709 | \$ 366,266 | \$ 334,320 |
| Sales taxes | 5,669,898 | 5,337,807 | 4,901,120 | 5,045,150 |
| Cardroom taxes | 3,923,552 | 5,484,544 | 4,938,532 | 5,091,032 |
| Motor vehicle in-lieu, unrestricted | 53,775 | 52,262 | 50,024 | 0 |
| Other taxes and fees | 1,414,317 | 278,912 | 513,254 | 56,455 |
| Use of money/property and interest earnings | 2,205,627 | 700,460 | 287,291 | 476,595 |
| Other revenues | 0 | 0 | 0 | 63,213 |
| Extraordinary items: | | | | |
| Special item - forgiveness of assessments | 0 | 0 | 0 | 0 |
| Total governmental activities | <u>13,655,734</u> | <u>12,239,694</u> | <u>11,056,487</u> | <u>11,066,765</u> |
| Total primary government | <u>\$ 13,655,734</u> | <u>\$ 12,239,694</u> | <u>\$ 11,056,487</u> | <u>\$ 11,066,765</u> |
| Change in net assets | | | | |
| Governmental activities | \$ 2,577,127 | \$ 576,014 | \$ 1,730 | \$ (157,736) |
| Total primary government | <u>\$ 2,577,127</u> | <u>\$ 576,014</u> | <u>\$ 1,730</u> | <u>\$ (157,736)</u> |

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|------------|--------------|--------------|--------------|--------------|--------------|
| \$ | 3,346,125 | \$ 2,967,299 | \$ 3,903,936 | \$ 3,187,043 | \$ 2,821,469 | \$ 3,158,045 |
| | 6,913,654 | 6,257,453 | 2,832,021 | 7,027,124 | 5,693,256 | 7,877,748 |
| | 3,047,313 | 3,915,614 | 4,285,679 | 4,216,784 | 4,519,003 | 4,256,204 |
| | 1,058,521 | 908,687 | 946,869 | 968,178 | 1,066,457 | 1,210,189 |
| | 573,399 | 417,626 | 410,942 | 512,090 | 470,802 | 443,700 |
| | 575,585 | 483,814 | 0 | 114,087 | 185,669 | 183,469 |
| | 15,514,597 | 14,950,493 | 12,379,447 | 16,025,306 | 14,756,656 | 17,129,355 |

\$ 15,514,597 \$ 14,950,493 \$ 12,379,447 \$ 16,025,306 \$ 14,756,656 \$ 17,129,355

| | | | | | | |
|----|-----------|-----------|-----------|-----------|-----------|-----------|
| \$ | 0 | \$ 20,175 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| | 67,536 | 102,641 | 106,935 | 68,225 | 250,905 | 97,848 |
| | 421,062 | 709,810 | 826,619 | 500,000 | 290,067 | 1,194,533 |
| | 82,825 | 71,176 | 78,592 | 524,317 | 580,133 | 142,078 |
| | 421,063 | 100,113 | 109,561 | 281,687 | 476,222 | 264,422 |
| | 0 | 0 | 138,809 | 282,497 | 156,775 | 230,352 |
| | 2,314,303 | 479,793 | 0 | 0 | 169,204 | 283,634 |
| | 3,306,789 | 1,483,708 | 1,260,516 | 1,656,726 | 1,923,306 | 2,212,867 |

\$ 3,306,789 \$ 1,483,708 \$ 1,260,516 \$ 1,656,726 \$ 1,923,306 \$ 2,212,867

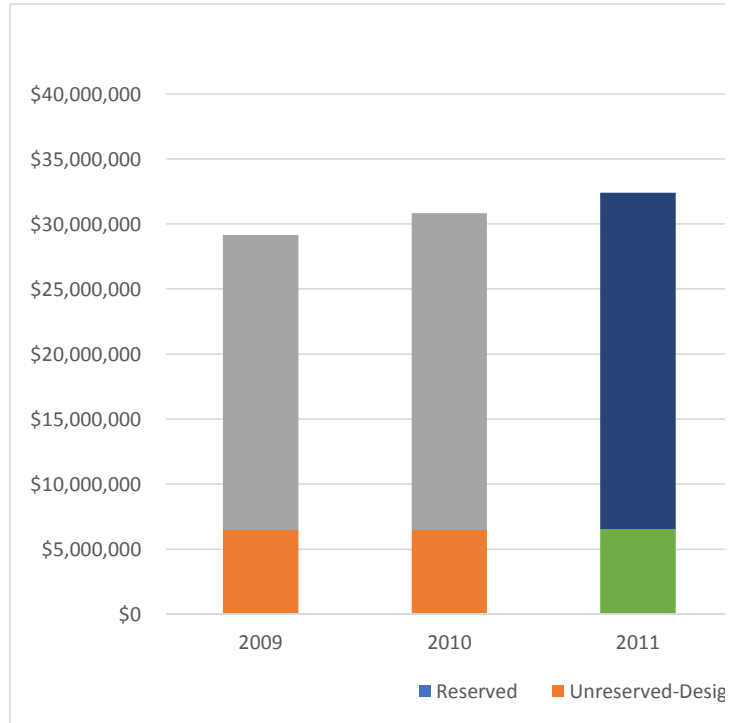
\$ (12,207,808) \$ (13,466,785) \$ (11,118,931) \$ (14,368,580) \$ (12,833,350) \$ (14,916,488)
\$ (12,207,808) \$ (13,466,785) \$ (11,118,931) \$ (14,368,580) \$ (12,833,350) \$ (14,916,488)

| | | | | | | |
|----|------------|------------|------------|------------|------------|------------|
| \$ | 354,574 | \$ 617,618 | \$ 472,157 | \$ 617,172 | \$ 578,560 | \$ 601,116 |
| | 5,517,652 | 6,232,713 | 6,843,923 | 10,851,063 | 11,202,349 | 11,397,118 |
| | 4,957,234 | 4,703,462 | 4,140,070 | 4,039,518 | 4,290,660 | 4,352,743 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 74,736 | 105,257 | 2,454,113 | 115,585 | 223,883 | 134,789 |
| | 496,197 | 503,140 | 615,754 | 473,432 | 247,803 | 416,023 |
| | 70,307 | 41,408 | 122,329 | 174,653 | 242,786 | 113,922 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 11,470,700 | 12,203,598 | 14,648,346 | 16,271,423 | 16,786,041 | 17,015,711 |

\$ 11,470,700 \$ 12,203,598 \$ 14,648,346 \$ 16,271,423 \$ 16,786,041 \$ 17,015,711

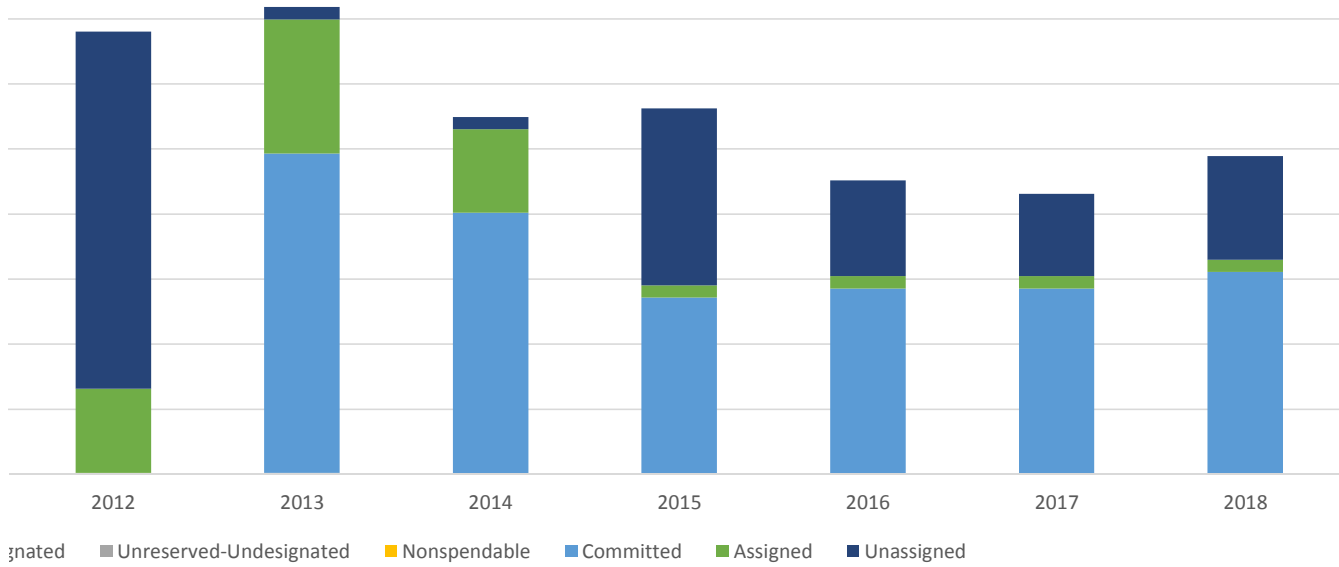
\$ (737,108) \$ (1,263,187) \$ 3,529,415 \$ 1,902,843 \$ 3,952,691 \$ 2,099,223
\$ (737,108) \$ (1,263,187) \$ 3,529,415 \$ 1,902,843 \$ 3,952,691 \$ 2,099,223

Town of Colma
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



| | Fiscal Year Ended June 30, | | |
|---|-----------------------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 |
| General Fund | | | |
| Reserved | \$ 5,804 | \$ 9,102 | \$ 0 |
| Unreserved-Designated | 6,464,640 | 6,464,640 | 0 |
| Unreserved-Undesignated | 22,683,168 | 24,362,588 | 0 |
| Nonspendable | 0 | 0 | 88,822 |
| Committed | 0 | 0 | 0 |
| Assigned | 0 | 0 | 6,464,640 |
| Unassigned | 0 | 0 | 25,848,027 |
| Total General Fund | 29,153,612 | 30,836,330 | 32,401,489 |
| All Other Governmental Funds | | | |
| Reserved | \$ 984,613 | \$ 959,750 | \$ 0 |
| Unreserved-Designated | 0 | 0 | 0 |
| Unreserved-Undesignated | (180,260) | 0 | 0 |
| Unreserved, reported in: | | | |
| Special revenue funds | 118,490 | 105,593 | 0 |
| Committed | 0 | 0 | 959,750 |
| Assigned | 0 | 0 | 79,716 |
| Unassigned | 0 | 0 | 0 |
| Total all other governmental funds | 922,843 | 1,065,343 | 1,039,466 |

General Fund - Fund Balances



| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|------------|------------|------------|------------|------------|------------|------------|
| \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 103,788 | 98,956 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 24,552,790 | 20,100,000 | 13,576,000 | 14,287,000 | 14,287,000 | 15,542,000 |
| | 6,464,640 | 10,319,919 | 6,417,979 | 950,000 | 950,000 | 950,000 | 950,000 |
| | 27,462,519 | 950,000 | 950,000 | 13,591,913 | 7,357,248 | 6,310,836 | 7,965,214 |
| | 34,030,947 | 35,921,665 | 27,467,979 | 28,117,913 | 22,594,248 | 21,547,836 | 24,457,214 |

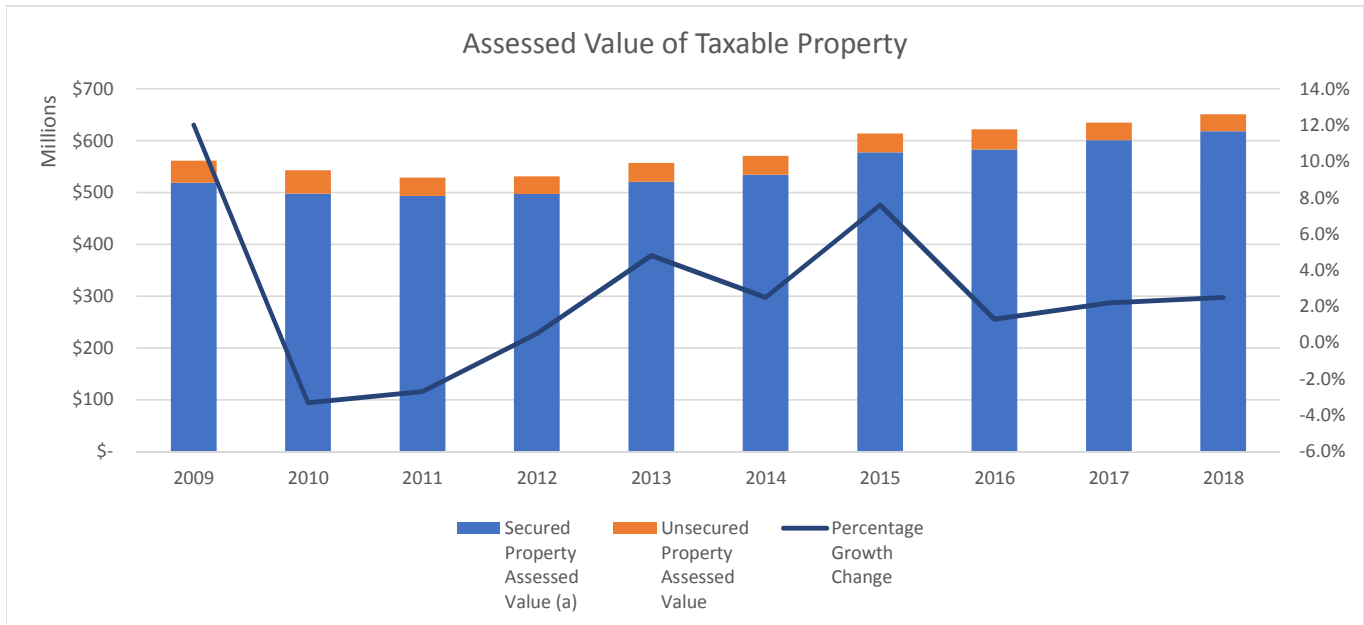
| | | | | | | | |
|----|-----------|-----------|--------|----------|------------|------------|-----------|
| \$ | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 959,750 | 958,050 | 0 | 0 | 4,343,192 | 1,729,570 | 0 |
| | 120,291 | 203,792 | 79,249 | 71,557 | 8,980,111 | 13,839,459 | 8,399,613 |
| | 0 | 0 | 0 | (47,219) | 0 | 0 | (11,269) |
| | 1,080,041 | 1,161,842 | 79,249 | 24,338 | 13,323,303 | 15,569,029 | 8,388,344 |

Town of Colma
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year Ended June 30, | | |
|--|-----------------------------------|-------------------|---------------------|
| | 2009 | 2010 | 2011 |
| Revenues | | | |
| Property taxes | \$ 385,709 | \$ 366,266 | \$ 334,320 |
| Sales taxes | 5,337,807 | 4,901,120 | 5,045,150 |
| Cardroom taxes | 5,484,544 | 4,938,532 | 5,091,032 |
| Other taxes | 52,262 | 50,024 | 56,455 |
| Licenses and permits | 238,163 | 189,550 | 108,763 |
| Fines and forfeits | 84,039 | 70,604 | 98,673 |
| Intergovernmental | 2,155,277 | 1,793,072 | 2,252,336 |
| Use of money and property | 278,912 | 513,254 | 476,595 |
| Other revenues | 700,460 | 287,291 | 63,213 |
| Charges for services | 573,014 | 556,743 | 667,620 |
| Total revenues | 15,290,187 | 13,666,456 | 14,194,157 |
| Expenditures | | | |
| Current: | | | |
| General government | 2,680,083 | 2,509,572 | 2,620,539 |
| Public safety | 4,906,617 | 4,807,033 | 4,929,990 |
| Public works | 3,667,122 | 3,857,314 | 3,179,758 |
| Recreation | 899,458 | 859,300 | 888,871 |
| Planning | 352,269 | 351,375 | 407,336 |
| Capital outlay | 0 | 0 | 0 |
| Debt service: | | | |
| Principal repayment | 345,000 | 350,000 | 360,000 |
| Interest and fiscal charges | 614,421 | 604,934 | 595,309 |
| Total expenditures | 13,464,970 | 13,339,528 | 12,981,803 |
| Excess (deficiency) of revenues over (under) expenditures | 1,825,217 | 326,928 | 1,212,354 |
| Other financing sources (uses) | | | |
| Issuance of long-term debt | | | |
| Transfers in | 2,076,222 | 1,515,520 | 1,274,755 |
| Transfers (out) | (2,076,222) | (1,515,520) | (1,274,755) |
| Total other financing sources (uses) | 0 | 0 | 0 |
| Net change in fund balances | \$ 1,825,217 | \$ 326,928 | \$ 1,212,354 |
| Debt service as a percentage of noncapital expenditures | 2.6% | 2.6% | 2.8% |

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----|-------------|--------------|----------------|------------|--------------|--------------|----------------|
| \$ | 354,574 | \$ 617,618 | \$ 472,157 | \$ 554,778 | \$ 617,172 | \$ 578,560 | \$ 601,116 |
| | 5,517,652 | 6,232,713 | 6,843,923 | 10,327,853 | 10,851,063 | 11,202,349 | 11,397,118 |
| | 4,957,234 | 4,703,462 | 4,140,070 | 3,774,885 | 4,039,518 | 4,290,660 | 4,352,743 |
| | 74,736 | 105,257 | 2,454,113 | 138,463 | 115,585 | 136,895 | 127,789 |
| | 83,862 | 114,546 | 100,113 | 109,724 | 281,687 | 372,321 | 278,046 |
| | 83,732 | 67,536 | 66,611 | 65,785 | 68,225 | 64,740 | 73,907 |
| | 2,037,958 | 2,314,303 | 479,793 | 407,960 | 282,497 | 412,967 | 432,281 |
| | 496,197 | 503,140 | 615,754 | 427,801 | 473,432 | 247,803 | 416,023 |
| | 70,307 | 41,408 | 122,329 | 148,351 | 222,156 | 242,786 | 392,804 |
| | 749,962 | 810,404 | 837,191 | 946,198 | 1,024,317 | 1,160,266 | 1,156,751 |
| | 14,426,214 | 15,510,387 | 16,132,054 | 16,901,798 | 17,975,652 | 18,709,347 | 19,228,578 |
| | 2,936,363 | 2,921,076 | 2,967,299 | 3,903,936 | 3,194,543 | 2,821,469 | 3,158,045 |
| | 4,822,180 | 5,445,546 | 5,397,761 | 4,961,165 | 5,748,812 | 6,280,151 | 7,214,813 |
| | 2,866,880 | 2,936,622 | 3,299,749 | 6,083,862 | 4,730,141 | 6,575,487 | 11,312,133 |
| | 883,961 | 880,931 | 908,687 | 946,869 | 973,178 | 1,066,457 | 1,108,920 |
| | 287,288 | 395,809 | 417,626 | 410,942 | 512,090 | 470,802 | 443,700 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 375,000 | 385,000 | 12,100,000 | 0 | 180,000 | 110,000 | 110,000 |
| | 584,509 | 572,884 | 577,209 | 0 | 114,087 | 185,669 | 183,469 |
| | 12,756,181 | 13,537,868 | 25,668,331 | 16,306,774 | 15,452,851 | 17,510,035 | 23,531,080 |
| | 1,670,033 | 1,972,519 | (9,536,277) | 595,024 | 2,522,801 | 1,199,312 | (4,302,502) |
| | 1,140,692 | 1,230,450 | 12,246,681 | 0 | 5,252,497 | 5,848,997 | 1,215,893 |
| | (1,140,692) | (1,230,450) | (12,246,681) | 0 | (9,833,630) | (5,848,997) | (1,215,893) |
| | 0 | 0 | 0 | 0 | 5,252,497 | 0 | 0 |
| \$ | 1,670,033 | \$ 1,972,519 | \$ (9,536,277) | \$ 595,024 | \$ 7,775,298 | \$ 1,199,312 | \$ (4,302,502) |
| | 2.9% | 2.8% | 47.1% | 0.0% | 1.2% | 0.6% | 0.5% |

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 |
|-------------|-------------------------------------|-----------------------------------|--------------------------|--------------------------|---------------------------|--------------------------|
| 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% |
| 2018 | 618,149,159 | 32,961,152 | 723,100 | 651,833,411 | 1.0% | 2.5% |

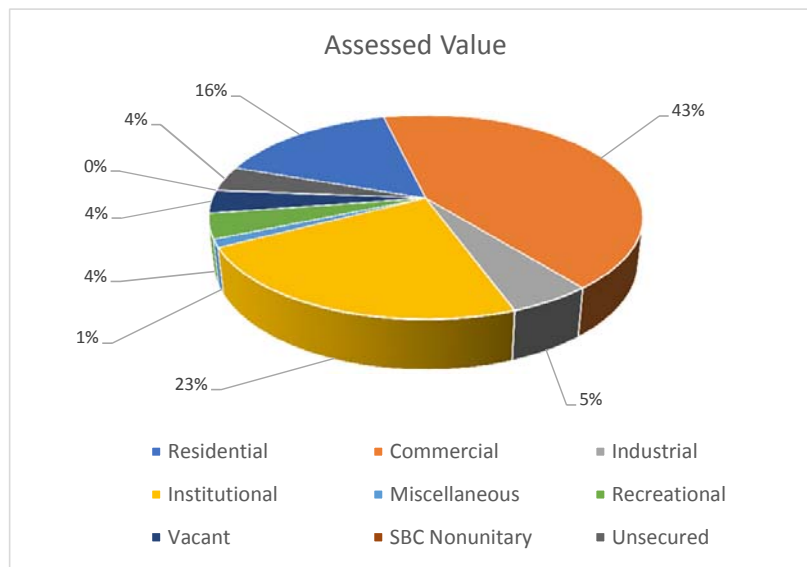
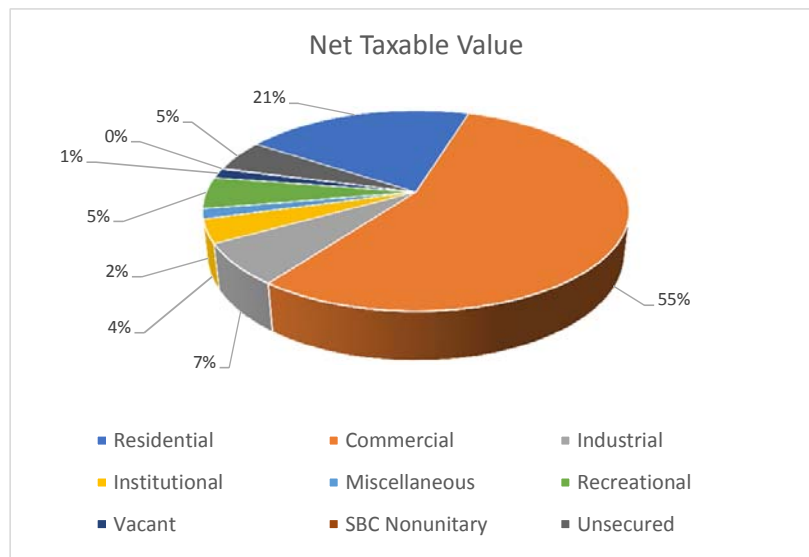
(a) Assessed values presented are net of exemptions.

The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of non more than two percent annually, plus any local over-rides. These values are considered to be full market values.

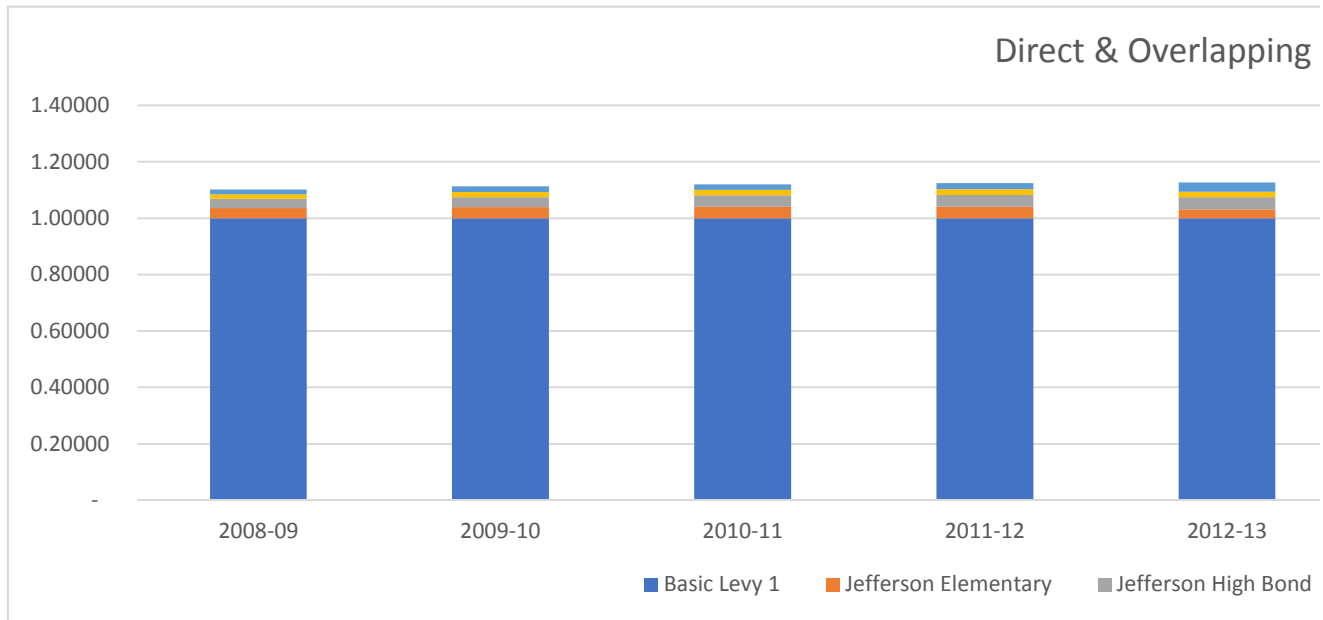
(b) California cities do not set their own direct tax rate. The State Constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The Town of Colma has seven tax rate areas.

Town of Colma
Assessed Value of Taxable Property by Use
Fiscal year ending June 30, 2018

| Category | Parcels | Assessed Value | % of Total | Net Taxable Value | % of Total |
|----------------|------------|--------------------|------------|--------------------|------------|
| Residential | 313 | 134,470,114 | 16.0% | 134,471,114 | 16.0% |
| Commercial | 70 | 361,208,392 | 42.9% | 361,208,392 | 42.9% |
| Industrial | 19 | 43,935,687 | 5.2% | 43,935,687 | 5.2% |
| Institutional | 49 | 193,582,908 | 23.0% | 24,619,903 | 2.9% |
| Miscellaneous | 20 | 10,474,439 | 1.2% | 10,474,439 | 1.2% |
| Recreational | 2 | 33,222,053 | 3.9% | 33,222,053 | 3.9% |
| Vacant | 80 | 30,794,136 | 3.7% | 10,218,571 | 1.2% |
| SBC Nonunitary | [3] | 723,100 | 0.1% | 723,100 | 0.1% |
| Unsecured | [117] | 32,961,152 | 3.9% | 32,961,152 | 3.9% |
| Total | 433 | 841,371,981 | | 651,834,411 | |



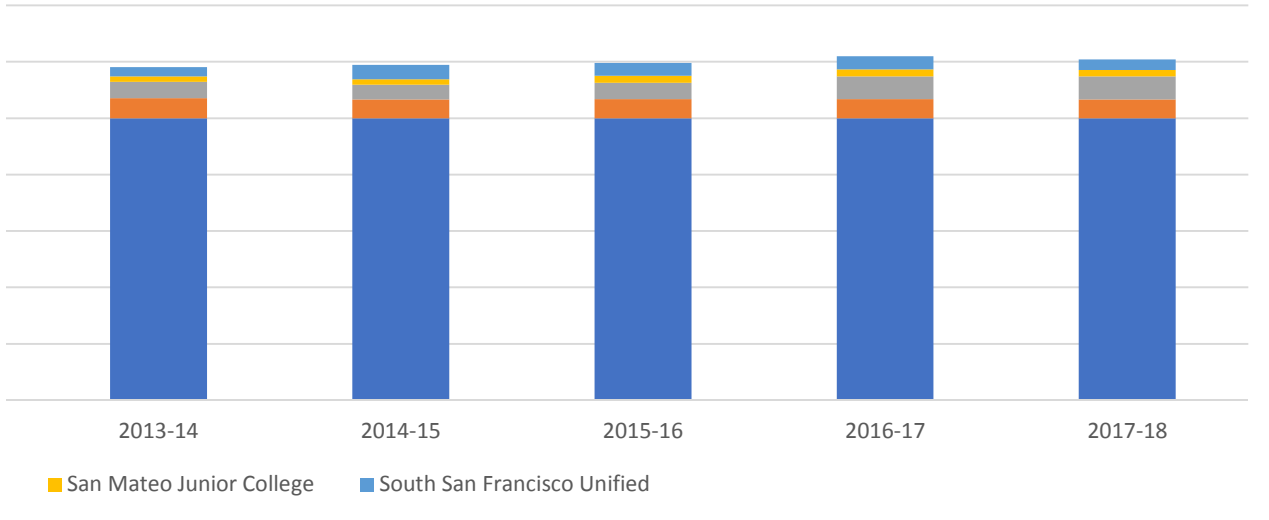
Town of Colma
Direct & Overlapping Property Tax Rates
(Rate per \$100 of Taxable Value)
Last Ten Fiscal Years



| Agency | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
|---|----------------|----------------|----------------|----------------|
| Basic Levy ¹ | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| Jefferson Elementary | 0.03540 | 0.03890 | 0.03990 | 0.04070 |
| Jefferson High Bond | 0.03330 | 0.03600 | 0.04160 | 0.04220 |
| San Mateo Junior College | 0.01650 | 0.01820 | 0.01930 | 0.01990 |
| South San Francisco Unified | 0.01620 | 0.01950 | 0.01960 | 0.02210 |
| Total Direct & Overlapping Tax Rates | 1.10140 | 1.11260 | 1.12040 | 1.12490 |
| | | | | |
| City's Share of 1% Basic Levy | 0.10223 | 0.10223 | 0.10223 | 0.10223 |

Source: San Mateo County Assessor's 2008-09 Through 2017-18 Tax Rate Table

Property Tax Rates



| 2012-13 | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 |
| 0.03160 | 0.07130 | 0.06620 | 0.06740 | 0.06800 | 0.06630 |
| 0.04300 | 0.05740 | 0.05300 | 0.05830 | 0.08000 | 0.08160 |
| 0.01940 | 0.01940 | 0.01900 | 0.02500 | 0.02470 | 0.02350 |
| 0.03270 | 0.03280 | 0.05130 | 0.04570 | 0.04670 | 0.03660 |
| 1.12670 | 1.18090 | 1.18950 | 1.19640 | 1.21940 | 1.20800 |
| 0.10223 | 0.10223 | 0.10223 | 0.10223 | 0.10223 | 0.10223 |

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

2017-18

| Business Name | Business Type |
|------------------------------------|------------------------------|
| Babies R Us | Specialty Stores |
| Best Buy | Electronics/Appliance Stores |
| BevMo | Convenience Stores/Liquor |
| Carmax | New Motor Vehicle Dealers |
| Cypress Lawn Cemetery | 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 |
| Kohl's | 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 |
| Old Navy | Family Apparel |
| Pacific Nurseries | Garden/Agricultural Supplies |
| Ross | Family Apparel |
| Serramonte Ford | New Motor Vehicle Dealers |
| South Bay Serramonte | New Motor Vehicle Dealers |
| Steward 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 = 90.00%

2008-09

| Business Name | Business Type |
|-------------------------------|------------------------------|
| Babies R Us | Specialty Stores |
| Bed Bath & Beyond | Home Furnishings |
| Best Buy | Electronics/Appliance Stores |
| BevMo | Convenience Stores/Liquor |
| Colma Buick Pontiac GMC | New Motor Vehicle Dealers |
| Cypress Lawn Cemetery | 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 |
| Jo Ann Fabrics & Crafts | Specialty Stores |
| Kohl's | 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 Coast Supply | Building Materials |
| Pacific Nurseries | Garden/Agricultural 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 = 90.44%

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

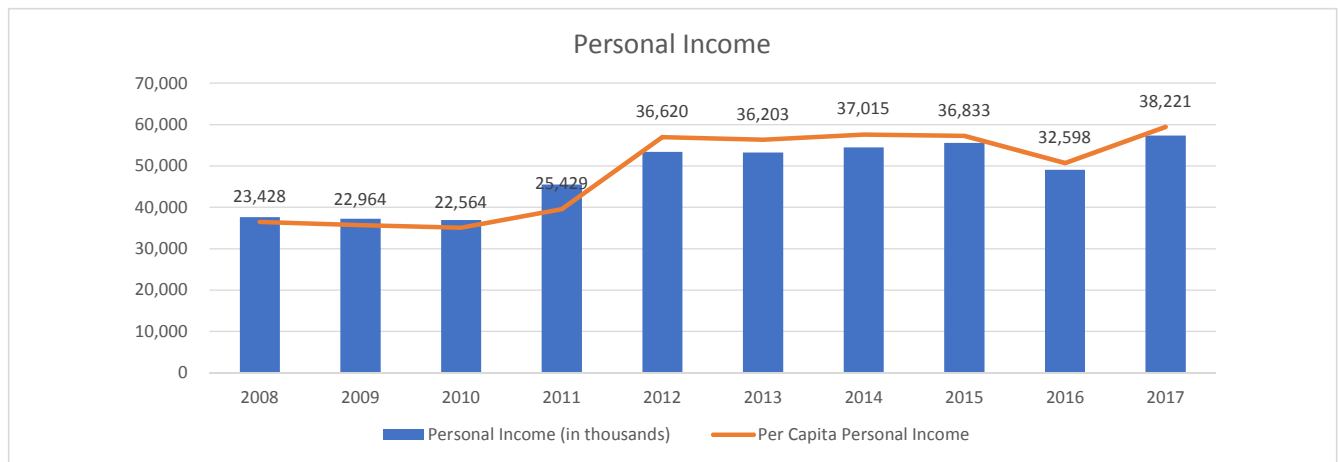
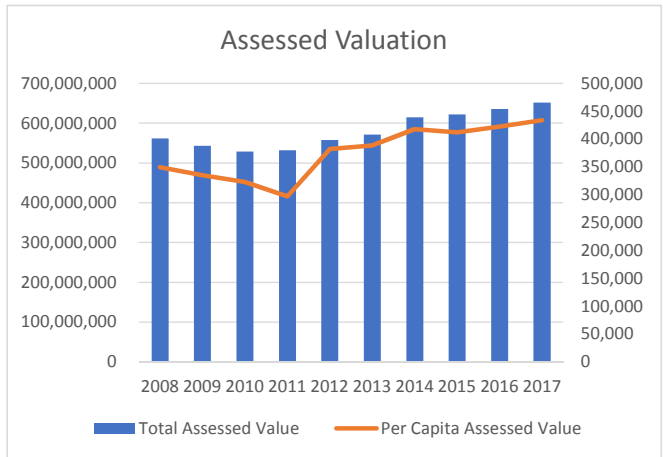
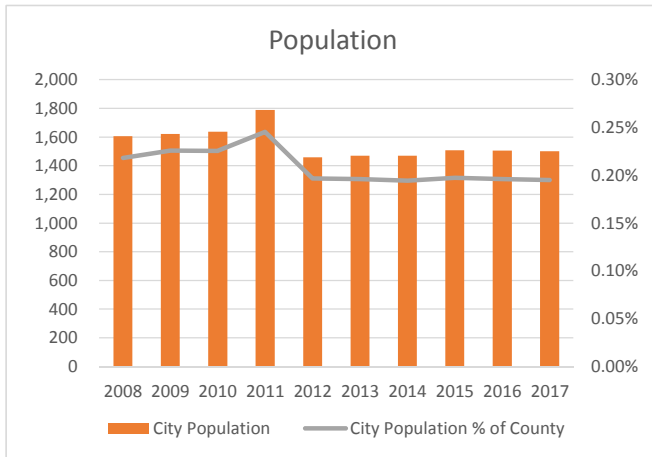
| | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Apparel Stores | \$ 24,923 | \$ 27,370 | \$ 27,893 | \$ 28,580 | \$ 32,806 |
| General Merchandise | 116,220 | 119,226 | 115,708 | 124,342 | 127,239 |
| Eating and Drinking Places | 9,552 | 9,792 | 9,457 | 13,039 | 14,095 |
| Auto Dealers and Supplies | 231,358 | 215,815 | 229,839 | 265,893 | 341,349 |
| Other Retail Stores | 238,794 | 214,586 | 210,154 | 203,645 | 205,815 |
| All Other Outlets | 97,591 | 90,504 | 100,382 | 107,316 | 123,277 |
| Total | \$ 718,438 | \$ 677,293 | \$ 693,433 | \$ 742,815 | \$ 844,581 |

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.

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|----|-------------|--------------|--------------|--------------|--------------|
| \$ | 31,538 | \$ 31,053 | \$ 30,707 | \$ 35,231 | \$ 40,328 |
| | 125,931 | 119,402 | 117,401 | 114,147 | 114,566 |
| | 13,994 | 15,528 | 16,383 | 16,998 | 20,466 |
| | 412,579 | 484,072 | 509,063 | 539,984 | 551,644 |
| | 222,168 | 225,642 | 228,579 | 225,747 | 237,458 |
| | 146,419 | 178,801 | 188,861 | 215,821 | 224,061 |
| \$ | 952,629 | \$ 1,054,498 | \$ 1,090,994 | \$ 1,147,928 | \$ 1,188,523 |

Town of Colma
Demographic and Economic Statistic
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 |
|-------------|-----------------|----------------------|---------------------------|--------------------------------|----------------------------|-----------------------------|-----------------------------|
| 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 | 22,964 | 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 | 36,833 | 764,711 | 0.20% |
| 2016 | 1,506 | 635,893,284 | 422,240 | 49,093 | 32,598 | 768,507 | 0.20% |
| 2017 | 1,501 | 651,833,411 | 434,266 | 57,369 | 38,221 | 770,116 | 0.19% |