

**TOWN OF WOODSIDE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2012**

Prepared by:

**Kevin Bryant**  
Town Manager

**Cindy Safe**  
Senior Management Analyst

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**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

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**Basic Financial Statements**  
**For the year ended June 30, 2012**

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The Town of  
Woodside

**April 30, 2013**

*To the Honorable Mayor and Members of the Town Council and Citizens of the Town of Woodside:*

We are pleased to submit the Town of Woodside Basic Financial Statements for the fiscal year ended June 30, 2012. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the Town. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the Town's financial activities have been included. Management of the Town has established an internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

P.O. Box 620005  
2955 Woodside Road  
Woodside CA 94062

While traditionally addressed to the governing body of the Town, this report is intended to provide relevant financial information to the citizens of the Town of Woodside, Town staff, creditors, investors, and other concerned readers. We encourage all readers to contact the Finance Department with any questions or comments concerning this report.

The Town's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2012, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the Town's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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townhall@woodsidetown.org

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Town of Woodside**

The Town of Woodside operates under a Council-Manager form of government and provides planning and zoning, public works, building regulation and recreation services. This report includes all funds of the Town of Woodside, for which the Town is financially accountable.

The Town Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the Town Manager. The Town Manager prepares two year budgets, with an annual review, with an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the Town Council and is adopted by resolution by the Town Council on or before June 30 in accordance with the municipal code.

The Town of Woodside was incorporated on November 16, 1956, as a general law Town. The Woodside Town Council consists of seven members, who are each elected to represent a district to four-year overlapping terms. Council members must be residents of the Town. The positions of Mayor and Mayor Pro Tempore are chosen by the Town Council. The Mayor conducts the Council meetings and represents the Town on ceremonial occasions.

The Town Council serves as the policy board for the municipality. As an elected Board of Directors, the Town Council provides policy direction, establishes goals, and sets priorities for the Town government. In addition to serving as the policy makers for the community, the Town Council also is responsible for numerous land use decisions within its borders, including the General Plan. The Town Council appoints the Town Manager, Town Attorney, and all members of advisory boards, committees and commissions.

### **Current Economic Conditions and Outlook**

At the direction of Council, staff continues to conduct a systematic review of operations, resulting in some cases in the transition from an in-house operational model to contract service; in other instances a renegotiation of existing service contracts; and in other instances, retention of the contract operational model with a different service provider. These operational analyses and reforms are intended to promote long-term savings to the Town and ensure long-term stability.

The Town of Woodside anticipates minimal revenue growth for the next ten years. The Town has increased the reserve target to 30% of estimated operating revenues to help maintain a balanced budget and healthy reserves to shield against economic cycles.

## **Financial Information**

During the past fiscal year, there were no changes to the Town's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the Town is summarized in the Notes to the Financial Statements.

## **Awards and Acknowledgements**

The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, particularly Senior Management Analyst Cindy Safe and the auditing firm of JJACPA, Inc. I would like to express my appreciation to Joseph Arch, CPA, Brett Jones, CPA, and Tika Koshiyama-Diaz of JJACPA, Inc. and to the members of the Administrative Department who assisted and contributed to its preparation.

I would also like to thank members of the Town Council and the various departments for their cooperation and support in planning and conducting the financial operations of the Town during the fiscal year.

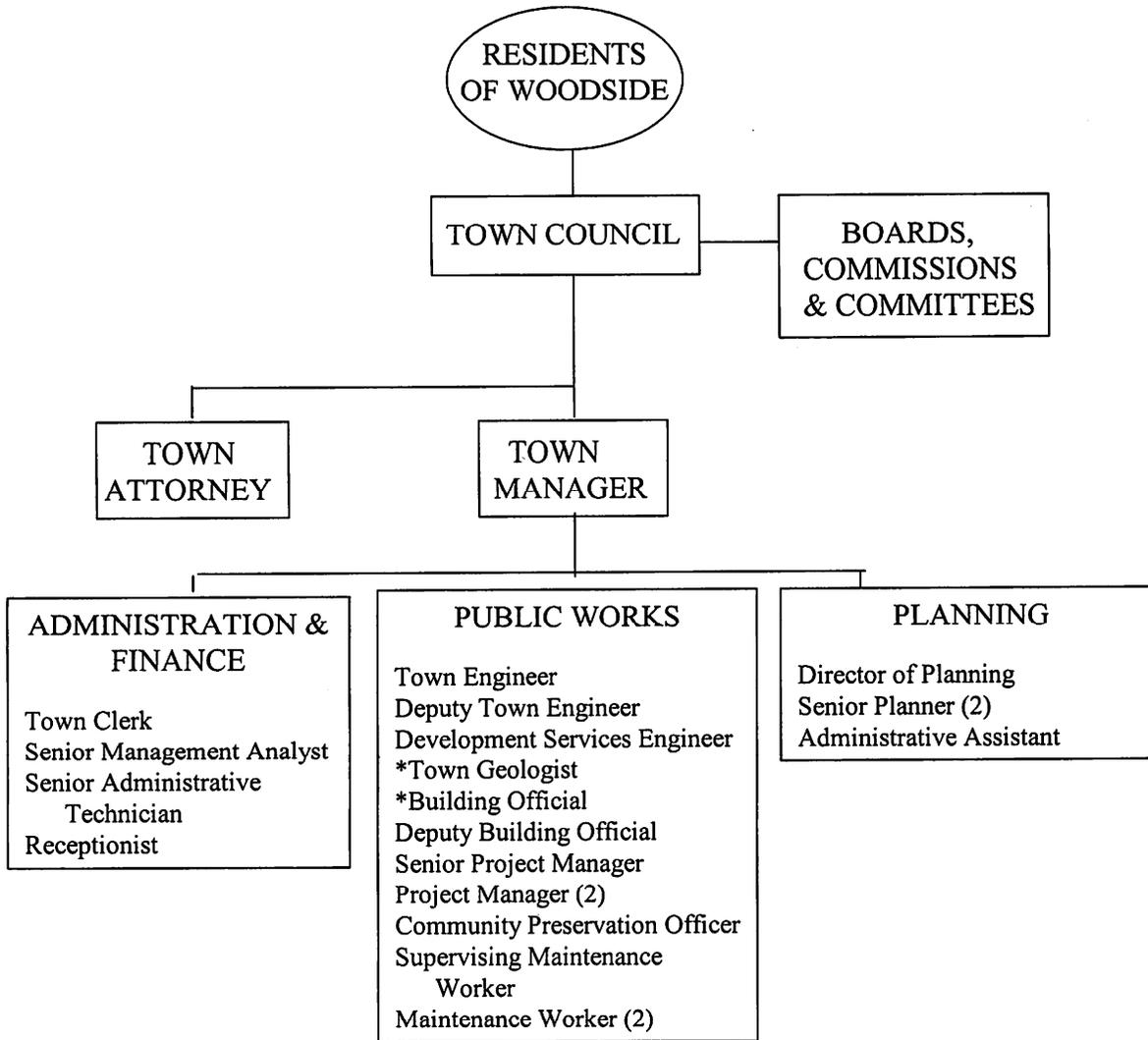
Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Kevin Bryant', written over a horizontal line.

Kevin Bryant  
Town Manager

Organization Chart

## TOWN OF WOODSIDE ORGANIZATION CHART



\* Position filled by contract services

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**List of Officials**

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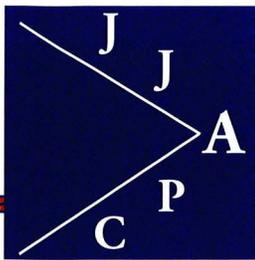
***TOWN COUNCIL***

- David Tanner, Mayor
- Anne Kasten, Mayor Pro Tempore
- Deborah C. Gordon
- Peter Mason
- Ron Romines
- Thomas Shanahan
- David Burow

***TOWN OFFICIALS***

- Kevin Bryant, Town Manager
- Paul Nagengast, Deputy Town Manager/ Town Engineer
- Janet Koelsch, CMC, Town Clerk
- Jackie Young, Director of Planning

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# JJACPA, Inc.

A Professional Accounting Services Corp.

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Council  
of the Town of Woodside  
Woodside, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management; our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2013, on our consideration of the Town of Woodside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Town Council  
of the Town of Woodside  
Woodside, California  
Page 2

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and other information listed in the table of contents, 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*JJACPA, Inc.*

March 29, 2013

JJACPA, Inc.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis**

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**Management's Discussion and Analysis**

This section provides a narrative overview and analysis of the financial activities of the Town of Woodside (Town) for the fiscal year ended June 30, 2012. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

- ◆ As of June 30, 2012, total assets of the Town exceeded its liabilities by \$22,068,091 (net assets). The portion of net assets that may be used to meet the government's ongoing obligations (unrestricted net assets) is \$2,573,712. The portion of net assets that are restricted and may only be used for specific purposes is \$3,006,672. The remaining \$16,487,707 is invested in capital assets (Page 6).
- ◆ As of June 30, 2012, the Town's Governmental Activities reported combined net assets of \$20,697,960. Of that, \$3,006,672 is restricted special revenue funds (Page 6).
- ◆ As of June 30, 2012, the Town's governmental funds reported combined ending fund balances of \$5,421,944. Of that amount \$3,006,672 is restricted because it represents resources that are required to be spent for specific purposes as provided by an external source. The remaining fund balance of \$2,415,272 is unassigned and represents the General Fund (Pages 32 and 33).
- ◆ Capital assets, net of depreciation, decreased to \$16,487,707 (Page 6) from \$16,788,115 in Fiscal Year (FY) 2011.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and general information;
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements and Combining and Individual Fund Financial Statements and Schedules.

**The Basic Financial Statements**

The Basic Financial Statements are comprised of the Government-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.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**The Government-wide Financial Statements**

The Government-wide Financial Statements provide a broad overview of the Town's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Town as a whole, including all its capital assets and long-term liabilities on the accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Town's revenues and all its expenses, also using accrual basis, with the emphasis on measuring net revenues or expenses of each the Town's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the Town's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the Town as a whole.

- ◆ **Governmental activities** – All of the Town's basic services are considered to be governmental activities, including general government, community development, public safety, animal control, public works, public improvements, planning and zoning, building inspections, and general administration. These services are supported by general Town revenues such as taxes and by specific program revenues such as developer fees.
- ◆ **Business-type activities** – All the Town's enterprise activities are reported here. The Town's Business-type activity funds are the Sewer Service Funds. Unlike governmental services, these services are completely supported by charges paid by users.

**Fund Financial Statements**

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 Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

For the fiscal year ended June 30, 2012, the Town's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- ◆ General Fund
- ◆ Library Operations Special Revenue Fund
- ◆ Measure A Special Revenue Fund
- ◆ Non-Major Funds – Traffic Safety, Road Impact Fees, Gas Tax, Supplemental Law Enforcement Service, and California Law Enforcement Equipment Program

**PROPRIETARY FUND:**

- ◆ Sewer Capital Improvement
- ◆ Sewer Utility
- ◆ Town Center Pump Sewer
- ◆ Cañada Corridor Sewer

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**Fund Financial Statements, Continued**

FIDUCIARY FUND:

- ◆ 1999 Woodside Road/ Whiskey Hill Road Parking District
- ◆ Trail Gifts and Donations Fund
- ◆ Mathiesen House
- ◆ Marva Oaks
- ◆ Town Hall Window
- ◆ Barkley Reserve Deposit

**Governmental funds** Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the Governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the Town's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the Town for the year, and may change from year to year as a result of changes in the pattern of the Town's activities.

**Proprietary funds** The Town maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The Town uses enterprise funds to account for sewer activities. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

**Fiduciary funds** The Town is the trustee, or fiduciary, for certain funds established to account for assets held by the Town in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The Town's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the Town's Government-Wide Financial Statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**Fund Financial Statements, Continued**

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on Pages 59-81 of this report. Required Supplementary Information follows the notes on Page 82.

**Combining and Individual Fund Financial Statements and Schedules**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on Pages 86-100 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

In the case of the Town, total assets exceeded liabilities by \$22,068,091 as of June 30, 2012.

The Summary of Net Assets, governmental from Page 27 and business-type from Page 44 and 45, as of June 30, 2012, and 2011, is as follows:

**Summary of Net Assets**

	2012			2011			Total Change	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Amount	Percent
Current and other assets	\$ 7,092,879	\$ 582,285	\$ 7,675,164	\$ 6,681,615	\$ 714,584	\$ 7,396,199	\$ 278,965	3.8%
Noncurrent assets	15,687,666	800,041	16,487,707	15,895,767	892,348	16,788,115	(300,408)	-1.8%
Total assets	22,780,545	1,382,326	24,162,871	22,577,382	1,606,932	24,184,314	(21,443)	-0.1%
Current and other liabilities	1,670,935	12,195	1,683,130	1,593,699	15,627	1,609,326	73,804	4.6%
Long-term liabilities	411,650	-	411,650	390,329	-	390,329	21,321	5.5%
Total liabilities	2,082,585	12,195	2,094,780	1,984,028	15,627	1,999,655	95,125	4.8%
Net assets:								
Invested in capital assets	15,687,666	800,041	16,487,707	15,895,767	892,348	16,788,115	(300,408)	-1.8%
Restricted	3,006,672	-	3,006,672	2,845,757	-	2,845,757	160,915	5.7%
Unrestricted	2,003,622	570,090	2,573,712	1,851,830	698,957	2,550,787	22,925	0.9%
<b>Total net assets</b>	<b>\$ 20,697,960</b>	<b>\$ 1,370,131</b>	<b>\$ 22,068,091</b>	<b>\$ 20,593,354</b>	<b>\$ 1,591,305</b>	<b>\$ 22,184,659</b>	<b>\$ (116,568)</b>	<b>-0.5%</b>

The total net assets for the Town are *governmental and business activities* presented in the above table; the following narrative will discuss the differences in *governmental activity* assets and the *business-type activity* assets from FY 2011 to FY 2012.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

- The Town’s Current and other assets include the sub-categories of available Cash and Investment accounts and various Receivables, which are all discussed in detail below. Overall in the Current and other assets category, there was a 3.8% total increase from FY 2011.
- The increase in *governmental activity* Cash and Investments is the net result of the changes that occurred in various funds that make up *governmental activities*, as shown in the following table:

<b>Fund</b>	<b>6/30/2012</b>	<b>6/30/2011</b>	<b>Change</b>
General Fund	\$ 3,561,882	\$ 3,287,433	\$ 274,449
Library Operations Fund	2,466,155	2,090,979	375,176
Measure A Fund	291,691	439,931	(148,240)
Nonmajor Governmental Funds	211,197	314,645	(103,448)
<b>Total</b>	<b>\$ 6,530,925</b>	<b>\$ 6,132,988</b>	<b>\$ 397,937</b>

- ◆ The increase of **General Fund** Cash and Investments is mostly due to an increase in the fee and permits revenue. The various planning, building, and administrative fees and permits increased 96.57% from last fiscal year. This increase is due to increased fees as well as the number of permits processed (discussed in more depth on Page 18). In addition to an increase in fees, there has also been a 1% increase in secured property taxes from last year.
- ◆ The largest contributing factor to the *governmental activities* Cash and Investments is an increase in the **Library Operations Fund** of \$375,176. The Library Fund supports the Town’s share of the operation and maintenance of the library facility. The Town is a party to a Joint Powers Agreement (JPA) between cities within San Mateo County. Woodside is a ‘donor city’ which means the County deposits property tax revenue received in excess of the costs to the JPA to operate the library. In FY 2011 the JPA conducted and paid for the planning for the library renovation project, which utilized a greater share of the Town’s library tax dollars that year. During FY 2012 the Town received the normal distribution of the excess property tax revenue from the County which resulted in an increase in the cash balance of the Library Fund from last year.
- ◆ The **Measure A Fund** accounts for the Town’s share of a county-wide half-cent sales tax that is dedicated to transportation related projects. The road Program for 2011-12 was developed based upon an assumption that total expenditures for the year would exceed total revenues, building an intentional drawdown of fund balances into the approved budget. The balance of this fund was reduced by \$148,240.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

- The Town's **Nonmajor Governmental Funds** account for an overall decrease of \$103,448 in Cash and Investments, for several funds. The individual funds and their balances are in the table below:

<b>Fund</b>	<b>6/30/2012</b>	<b>6/30/2011</b>	<b>Change</b>
Traffic Safety	\$ 42,851	\$ 38,820	\$ 4,031
Road Impact Fee	16,091	115,472	(99,381)
Gas Tax	139,090	150,141	(11,051)
Supplemental Law Enforcement Service	2,953	-	2,953
California Law Enforcement Equipment Program	10,212	10,212	-
<b>Total</b>	<b>\$ 211,197</b>	<b>\$ 314,645</b>	<b>\$ (103,448)</b>

- For FY 2012 the **Traffic Safety Fund** continued to have fairly stable revenues from civil fines and has had some reduction in costs. The **Gas Tax Fund** reflects a decrease of \$11,051 from FY 2011 due to the filling of a Town maintenance position, which was vacant part of last fiscal year. For the **Road Impact Fee Fund**, the collection of road impact fees was under budget by \$66,888 in FY 2012, which contributed to a decrease in cash balance. There was no change in the **California Law Enforcement Equipment Fund**, however the **Supplemental Law Enforcement Service Fund** received revenue and expended less than revenue received.
- The change in receivables (the second sub-category of current assets in the table on Page 6) from last year to FY 2012 for *governmental activities* was an increase of \$13,327 similar to the increase in Cash and Investments outlined in the above tables.
- Business-type activity** Cash and Investments funds decreased by \$132,299, because the Town had greater Sewer expenses than revenue in FY 2012 and this has reduced the cash balance of the Sewer funds. There was also a decrease of \$6,508 in receivables for *business-type activities*.
- Noncurrent assets, as shown on Page 6, which are invested in capital assets, decreased by \$300,408. This reflects the net of activity involving the addition, retirement, and depreciation of capital assets. **Note 4 to the Basic Financial Statements** includes a summary of activity that impacted capital assets during FY 2012, which for *governmental* assets includes:

Net Reductions to Machinery and Equipment	\$ (60,056)
Less: Additions to Accumulated Depreciation	<u>(148,045)</u>
<b>Net Reductions to Capital Assets</b>	<b>\$ (208,101)</b>

Total accumulated depreciation for *business-type activity* added an additional \$92,307.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

- Current Liabilities for *government activities* increased \$77,236 due to:
  - ◆ An increase of \$21,789, in Accounts Payable from \$153,861 to \$175,650. This increase is due to: **1.** Retained final payment for the 2010 Road Rehabilitation Project, and **2.** An increase in Accounts payable which were paid in July and August for FY 2012 expenses and accrued to FY 2012, and
  - ◆ An increase of \$55,447, in Deposits Payable from \$1,439,838 to \$1,495,285, due to the increase of Deposits paid for applications in FY 2012.

Decrease in *business-type activity* of \$3,432, is a result of the reduced Cañada Sewer loan balance (owed by property owners).

- Increase in Long-Term Liabilities of \$21,321 was due to:
  - ◆ Compensated absences increased, \$19,437, from last fiscal year from \$239,423 to \$258,860 due to increased compensated absences that were not yet paid out in FY 2012, and
  - ◆ Other Post-Employment Benefits (OPEB) liability increasing \$1,884 (see **Note 11**).

There were no long-term liabilities for *business-type activities*.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net assets for the fiscal years ended June 30, 2012, and 2011, follows (Pages 28 and 29):

	Changes in Net Assets					
	2012			2011		
	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total	Gov- ern- men- tal Acti- vities	Busi- ness- type Acti- vities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,434,049	\$ 168,223	\$ 1,602,272	\$ 945,437	\$ 210,897	\$ 1,156,334
Grants and contributions:						
Operating	529,732	-	529,732	954,819	-	954,819
Capital	5,492	-	5,492	-	-	-
General revenues:						
Property taxes and assessments	3,357,757	-	3,357,757	2,672,342	-	2,672,342
Sales tax	464,623	-	464,623	368,071	-	368,071
Property transfer tax	161,828	-	161,828	142,222	-	142,222
Franchises	391,627	-	391,627	372,000	-	372,000
Business licenses	117,805	-	117,805	119,745	-	119,745
Fines and forfeitures	80,006	-	80,006	998	-	998
Use of money and property	19,159	2,803	21,962	26,012	3,677	29,689
Other general revenues	692,873	-	692,873	618,625	-	618,625
Total revenues	<u>7,254,951</u>	<u>171,026</u>	<u>7,425,977</u>	<u>6,220,271</u>	<u>214,574</u>	<u>6,434,845</u>
Expenses:						
Governmental activities:						
Town Council	32,050	-	32,050	20,122	-	20,122
Administration and Finance	1,483,954	-	1,483,954	1,313,940	-	1,313,940
Planning Department	795,213	-	795,213	1,114,145	-	1,114,145
Buildings and Grounds	248,325	-	248,325	261,392	-	261,392
Town-wide Overhead	424,433	-	424,433	393,715	-	393,715
Safety Services	1,547,726	-	1,547,726	1,436,052	-	1,436,052
Trails and Stables	57,719	-	57,719	48,297	-	48,297
Barkley Fields	218,521	-	218,521	143,446	-	143,446
Library Services	94,284	-	94,284	132,172	-	132,172
Public Works	2,161,058	-	2,161,058	2,107,236	-	2,107,236
Recreation and Open Space	146,993	-	146,993	144,696	-	144,696
Business-type activities:						
Sewer Utility	-	173,307	173,307	-	178,606	178,606
Town Center Pump Sewer	-	128,631	128,631	-	74,873	74,873
Cañada Corridor Sewer	-	30,331	30,331	-	24,474	24,474
Total expenses	<u>7,210,276</u>	<u>332,269</u>	<u>7,542,545</u>	<u>7,115,213</u>	<u>277,953</u>	<u>7,393,166</u>
Excess (Deficiency) of revenues over expenditures before transfers						
	44,675	(161,243)	(116,568)	(894,942)	(63,379)	(958,321)
Transfers						
	59,931	(59,931)	-	56,381	(56,381)	-
Change in net assets						
	104,606	(221,174)	(116,568)	(838,561)	(119,760)	(958,321)
Net assets:						
Beginning of year	20,593,354	1,591,305	22,184,659	21,431,915	1,711,065	23,142,980
End of year	<u>\$ 20,697,960</u>	<u>\$ 1,370,131</u>	<u>\$ 22,068,091</u>	<u>\$ 20,593,354</u>	<u>\$ 1,591,305</u>	<u>\$ 22,184,659</u>

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities - Revenues**

The Town's total revenues for governmental and business-type activities were \$7,425,977 for the fiscal year ended June 30, 2012. Approximately 74% of the Town's revenues are generated from three major sources, Charges for Services, Property Taxes and Assessments, and Grants and Contributions.

The following discusses variances in these and other key revenues from the prior fiscal year:

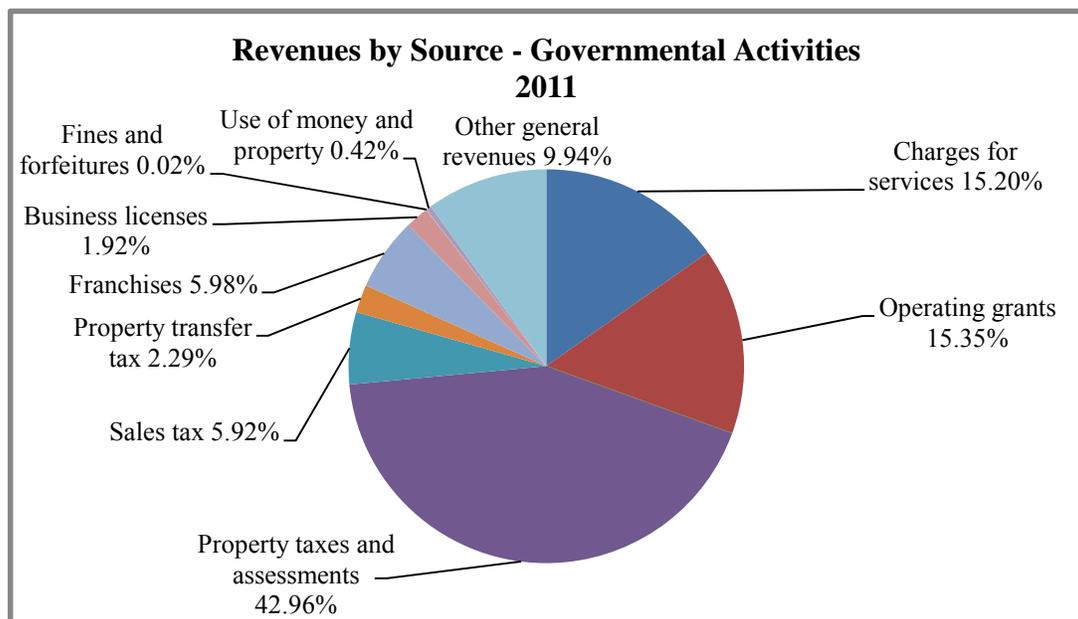
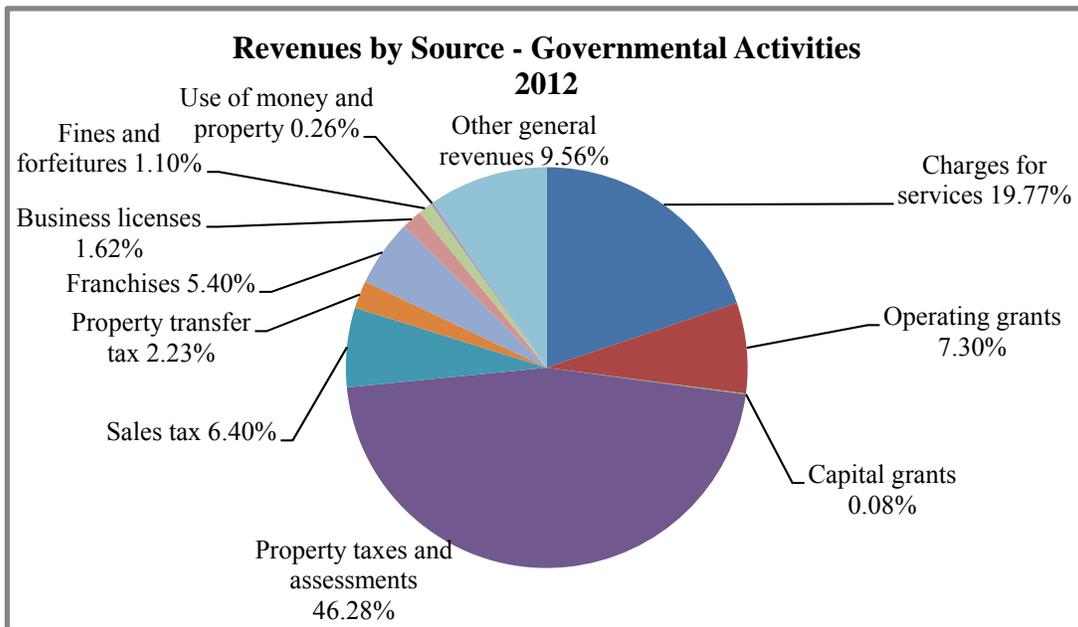
1. **Charges for Services** – Charges for services has gone up 42% from last year. Development related fees and permits have contributed the most to this increase, rebounding from last year's fifteen year low of \$491,721 to \$966,557, an 96.57% increase (Page 18). Another factor in the increase in charges for services is that a new fee schedule went into effect March 28, 2011, which increased all development fees and archive fees. FY 2012 is the first full year of the new fee schedule.
2. **Property Taxes and Assessments** – The property taxes and assessments category for FY 2012 includes not only Property Tax – secured, unsecured, SB 813, prior years, but also the additional categories of Home Owner Property Tax Relief (HOPTR), Property Tax in-lieu, and Triple Flip. There has been an increase of 3.8% in this category from last year, or \$122,874.
3. **Grants and Contributions – Operating** – The Grants and Contributions (Operating) category for FY 2012 included the sub-categories of the State Citizens' Option for Public Safety (COPS) program, Gas Tax, Measure A Sales tax, which increased *overall* 4.5% from last year (not all individual funds increased). There were also two capital grants (Conservation and Emergency Reimbursement) in FY 2012 (none in FY 2011).
4. **Other General Revenue** – Other Revenue category experienced a 42.6% increase mostly due to increased Library revenues from \$245,343 in FY 2011 to \$482,569 in 2012. This increase is attributable to the planning work that was completed in FY 2011 for a library renovation project mentioned earlier in this report.

**Town of Woodside, California**  
**Basic Financial Statements**  
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**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The charts below illustrate the differences between last year’s and this year’s sources of revenue, along with the percentages of each source of revenue. The percentages for each year add up to 100% for that particular year.



**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

A more in-depth analysis of key revenue sources is discussed in the ‘General Fund Performance of Revenues’ section later in this MD&A.

**Governmental Activities Expenses**

Governmental and business-type activity expenses of the Town totaled \$7,542,545 for the year. Governmental activity expenses totaled \$7,210,276 or 95% of total expenses. Safety Services costs represented 21.47% (\$1,547,726) of total governmental activities expenses. Public works costs, including Road Rehabilitation project, represented the largest single expense for governmental activities, \$2,161,058, or 29.97% of total expenses.

**Cost of Services**

The following table shows the cost of each of the Town’s major program areas and the net cost of the program areas. Net cost is the total cost less fees and other direct revenue (charges) generated by the activities. The net cost reflects the revenues minus the expenses associated with each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2012, and 2011, are as follows (Also page 28 and 29 in the **Basic Financial Statements**):

	2012			2011		
	Total Cost of Services	Percent	Net Cost of Services	Total Cost of Services	Percent	Net Cost of Services
Town Council	\$ 32,050	0.4%	\$ 32,050	\$ 20,122	0.3%	\$ 20,122
Administration and Finance	1,483,954	20.6%	1,423,350	1,313,940	18.5%	1,301,516
Planning Department	795,213	11.0%	379,424	1,114,145	15.7%	574,315
Buildings and Grounds	248,325	3.4%	248,325	261,392	3.7%	255,653
Town-wide Overhead	424,433	5.9%	424,433	393,715	5.5%	393,715
Safety Services	1,547,726	21.5%	1,422,538	1,436,052	20.2%	1,322,476
Trails and Stables	57,719	0.8%	27,710	48,297	0.7%	19,047
Barkley Fields	218,521	3.0%	202,900	143,446	2.0%	137,321
Library Services	94,284	1.3%	94,284	132,172	1.9%	132,172
Public Works	2,161,058	30.0%	999,334	2,107,236	29.6%	1,278,037
Recreation and Open Space	146,993	2.0%	(13,345)	144,696	2.0%	19,801
<b>Total</b>	<b>\$ 7,210,276</b>	<b>100%</b>	<b>\$ 5,241,003</b>	<b>\$ 7,115,213</b>	<b>100%</b>	<b>\$ 5,454,175</b>

For FY 2012 the Recreation and Open Space program fully recovered all costs through the charging of fees.

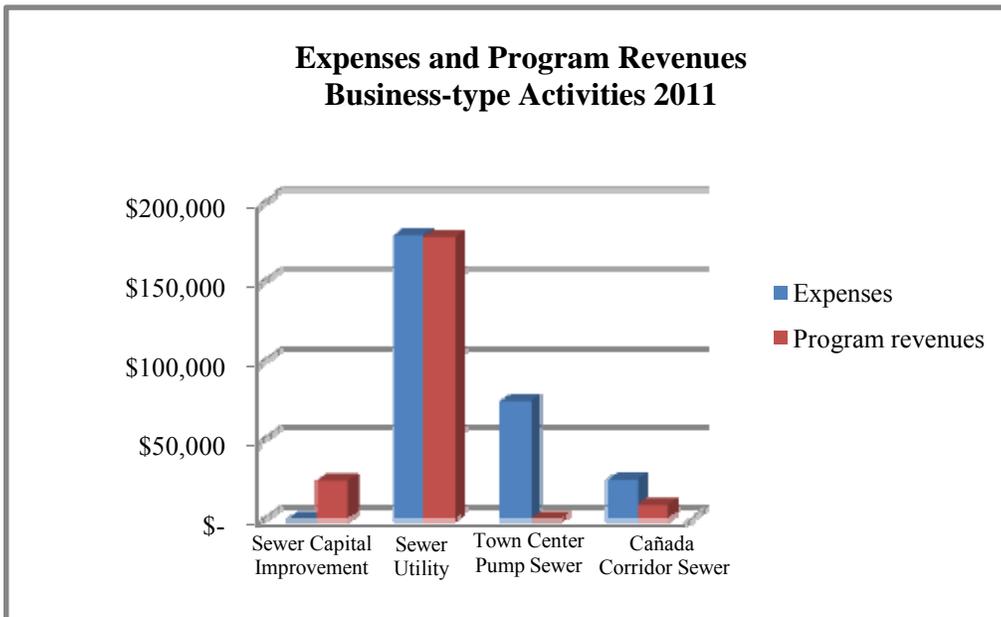
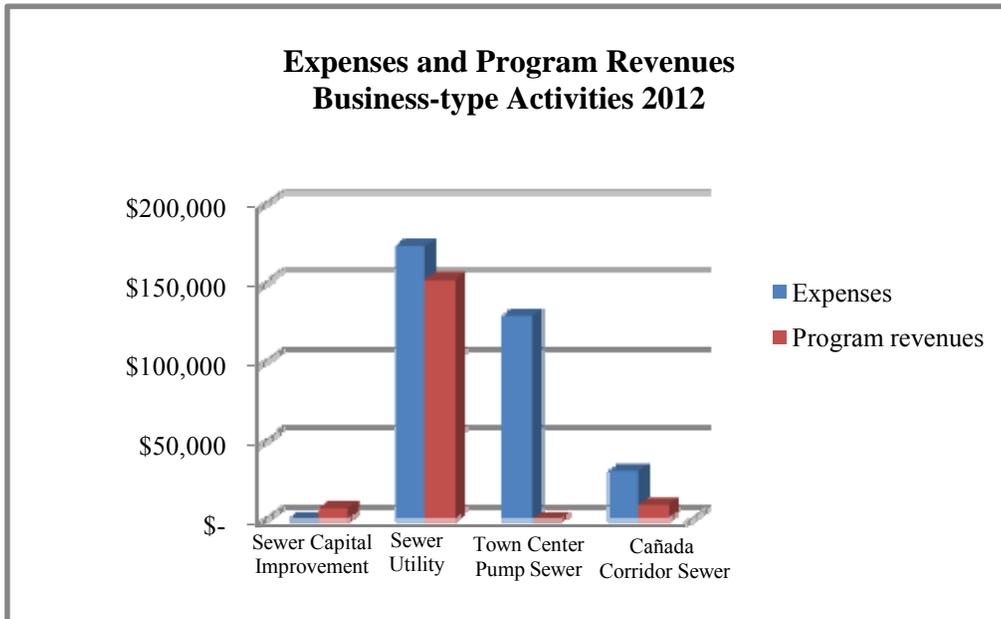
**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type activities – Revenues and Expenses**

Business-type activities incurred \$332,269 in expenses during the fiscal year. The Town has four business-type funds, which are the Sewer Capital Improvement, Sewer Utility, Town Center Pump Sewer, and Cañada Corridor Sewer Funds. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2012, and 2011, are as follows:

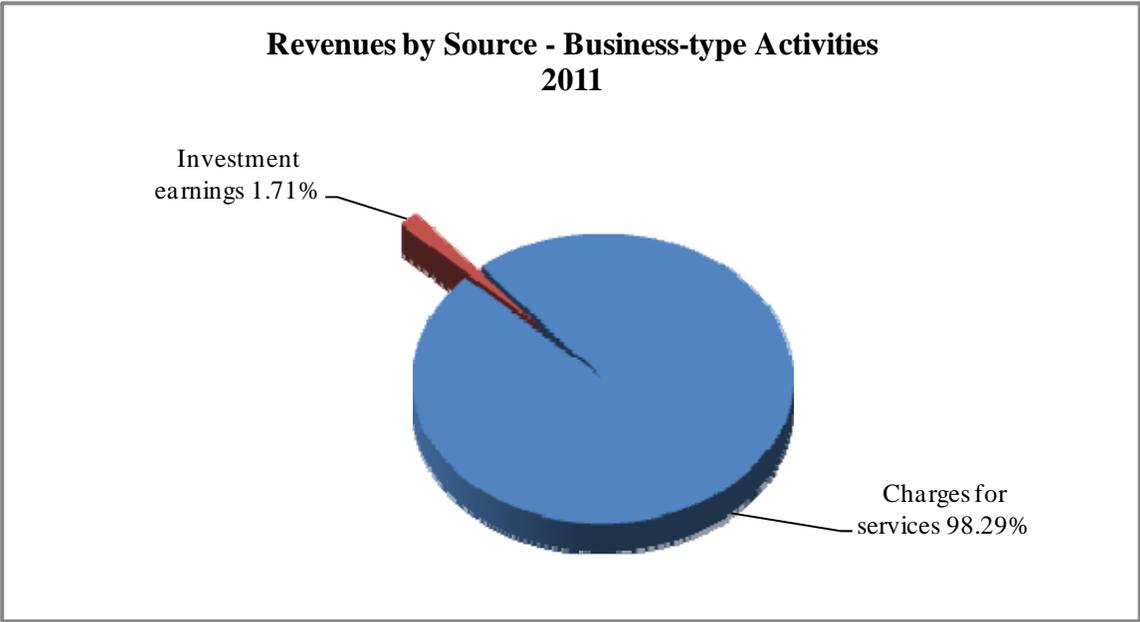
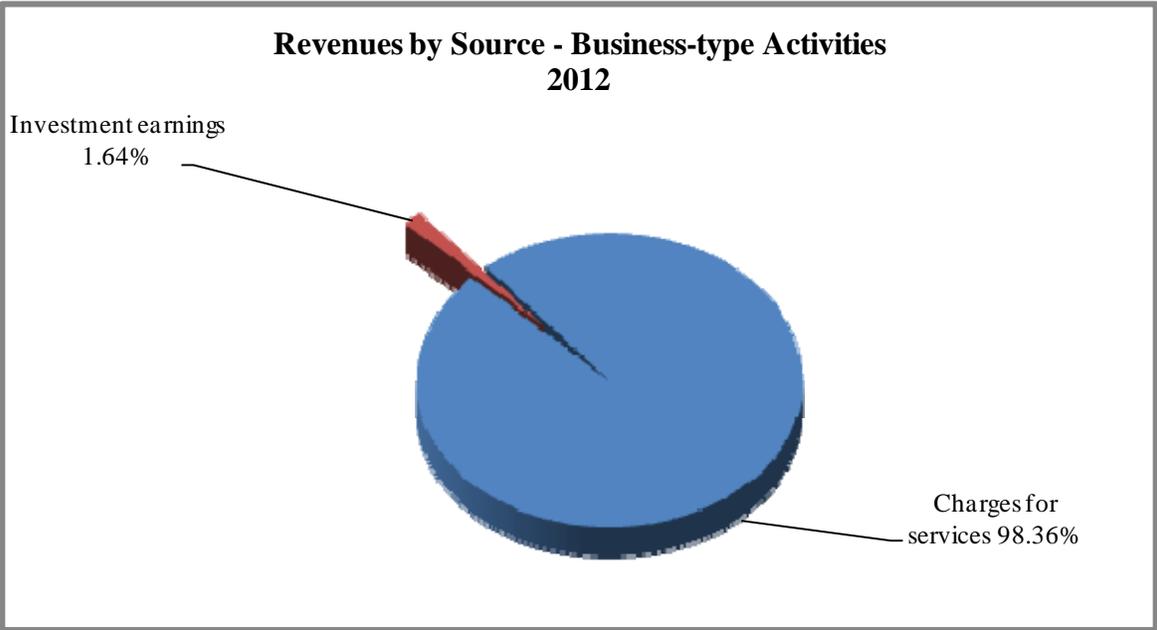


**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

Business-type activities total revenue for fiscal year 2012 is \$171,026. Expenses for this year exceeded revenue by \$161,243. These revenues are received from two sources, Charges for Services and Investment Earnings. The revenues by source for the business-type activities for the fiscal years ended June 30, 2012 and 2011 are as follows:



Over 98% of the funding received for Sewer business services is derived through charges for these services. The balance is investment earnings on cash.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

As reported in the Statement of Activities, the Town's Business-type Activities, as of June 30 2012, decreased \$221,174. The following table is a re-statement of the Statement of Business-type Activities outlining the components of this decrease.

**Business-type Activities**  
**Two-year Comparison of Change in Net Assets**

	6/30/2012	6/30/2011	Change	% Change
<b>Expenses:</b>				
Sewer Utility	\$ 173,307	\$ 178,606	\$ (5,299)	-3.0%
Sewer Capital Improvement	-	-	-	-
Town Center Pump Sewer	128,631	74,873	53,758	71.8%
Cañada Corridor Sewer	30,331	24,474	5,857	23.9%
<b>Total</b>	<b>\$ 332,269</b>	<b>\$ 277,953</b>	<b>\$ 54,316</b>	<b>19.5%</b>
<b>Revenues:</b>				
Charges for Services	\$ 168,223	\$ 210,897	\$ (42,674)	-20.2%
Use of money and property (interest)	2,803	3,677	(874)	-23.8%
<b>Total</b>	<b>\$ 171,026</b>	<b>\$ 214,574</b>	<b>\$ (43,548)</b>	<b>-20.3%</b>
Excess (Deficiency) of revenues over expenditures before transfers	\$ (161,243)	\$ (63,379)	\$ (97,864)	154.4%
Transfers	(59,931)	(56,381)	(3,550)	6.3%
<b>Change in Net Assets</b>	<b>\$ (221,174)</b>	<b>\$ (119,760)</b>	<b>\$ (101,414)</b>	<b>84.7%</b>

Expenses were higher in FY 2012 due to increased contract Sewer transmission and treatment expenses for Cañada Corridor Sewer and the Town Center Pump Sewer. Charges for sewer services were also down 20%, \$42,674, due to the year before (FY 2011) accounting error, which increased the revenues for the charges for service. The combination of increased expenses and reduced revenues resulted in a \$101,414 or 84.7% reduction in Business-type assets for FY 2012.

**FUND FINANCIAL STATEMENTS ANALYSIS**

The Town of Woodside uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide financial statements.

**Performance of Governmental Funds**

The Town's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2012, the Town's governmental funds reported combined fund balances of \$5,421,944 (Pages 32 and 33). This is an increase of \$334,028 or 6.66% over last year's balance of \$5,087,916. The increase was mainly due to an increase in building permit and planning fees. The General Fund is the chief operating fund of the Town. At the fiscal year ended June 30, 2012, the General Fund balance totaled \$2,415,272 which was unassigned and \$3,006,672 which was restricted special revenue funds consisting of the Library Operations fund, Measure A Fund, and Non-major governmental Funds.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

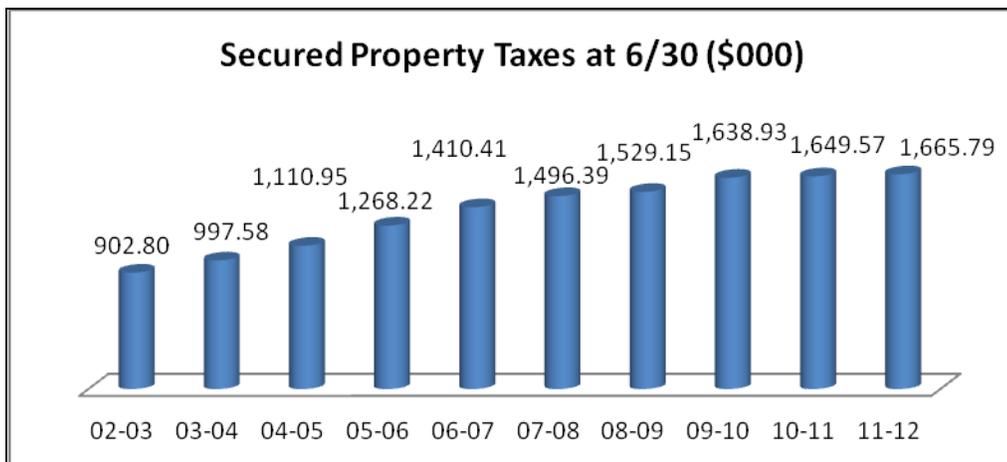
**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

**General Fund – Revenue Performance Review**

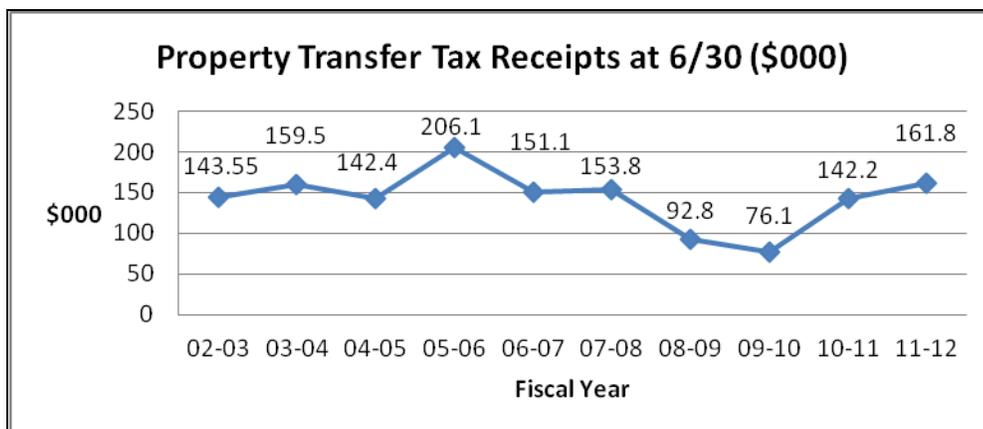
In Fiscal Year 2012 nearly all revenue sources for the General Fund experienced an increase over Fiscal Year 2011. The following is an analysis which provides further detail about the major revenue sources.

The largest source of General Fund revenue is, secured property taxes. The Town’s secured property tax receipts were \$1,665,793, which is 1% higher than FY 2011. Property Taxes are expected to remain stable with small percentage increases as the economy recovers.

In 2008-09, the State of California triggered the Proposition 1A local property tax shift and diverted about \$118,000 from the Town to help balance the state budget. These funds were backfilled by a bond sale coordinated by California Communities. The following chart provides a comparison of “normalized” secured property tax receipts for fiscal years 2003 through 2012, including what would have been received had the State not taken its actions in 2008-09.



Property transfer taxes are expected to remain steady over the next several years. Property Transfer Tax Receipts are dependent on the property sales within the Town and remain an important, but variable, source of revenues. The following table shows property transfer tax trends over the past ten years.

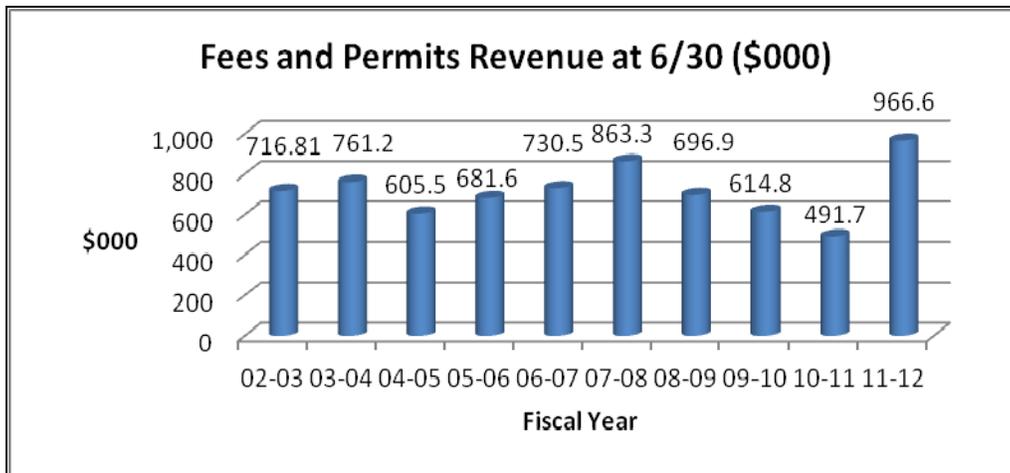


**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

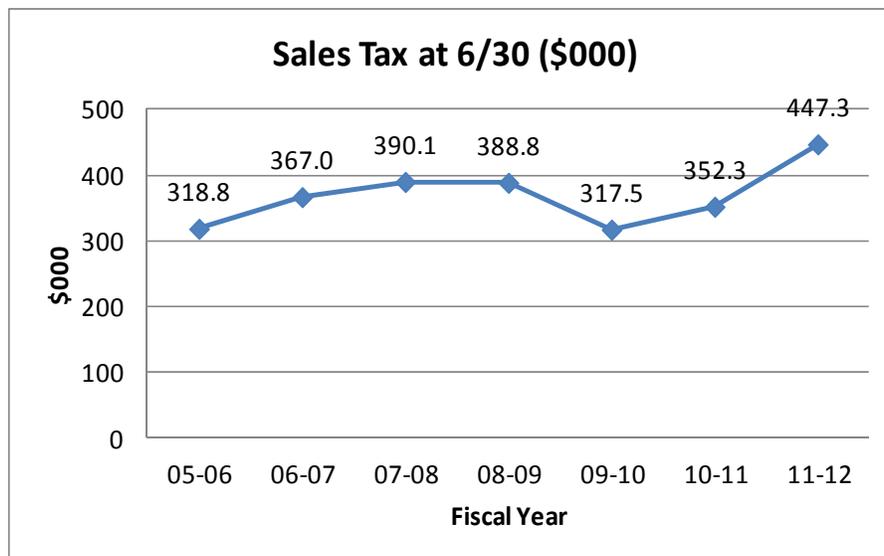
**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

Fees and Permits Revenue is another source of revenue that can be a predictor of both current and future economic health. As the following chart demonstrates, revenue from this source are at a ten-year high mark of \$966,557.



Permit activity is up this year, with 1,136 new permit applications versus 1,034 a year ago and 950 permits issued this year compared to 850 a year ago. This fact, combined with the new fee schedule adopted by the Town Council in January 2011 and effective for the entire FY 2012, has resulted in the substantial increase in revenue from one year ago. There has been a \$474,836, or 96.57%, increase in fees and permits revenues from last year.

Sales tax revenues through June 2012 payments were \$447,334, a 27% increase over a year ago. The following chart shows sales tax revenues for the current and past seven years. “Triple Flip” was initiated seven years ago, where a portion of local sales tax revenue is used to pay off state deficit reduction bonds.



**Town of Woodside, California**  
**Basic Financial Statements**  
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**Management’s Discussion and Analysis, Continued**

**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

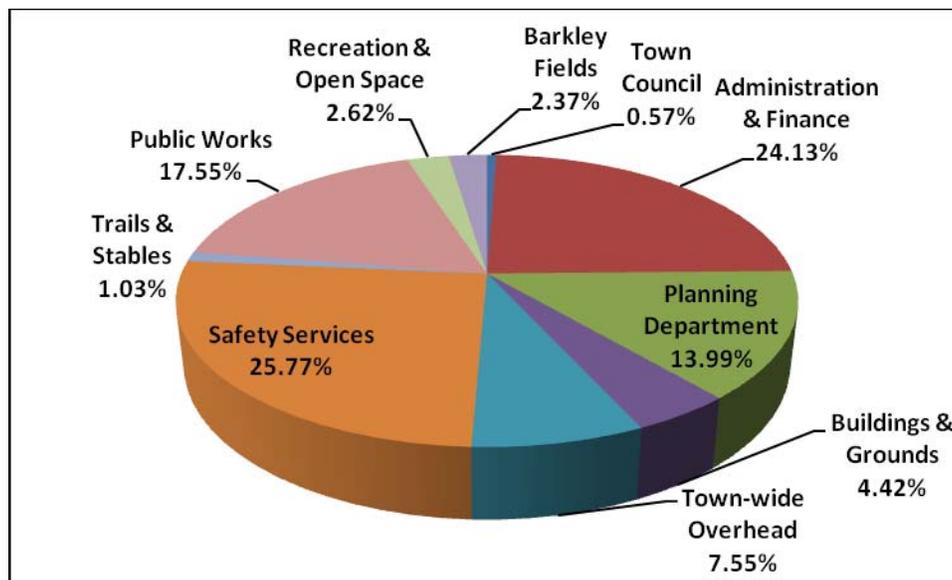
**Use of Money - Investment** - In compliance with the Town’s Investment Policy, the Town only receives investment income from the Local Agency Investment Fund (LAIF), which is managed and administered by the State of California’s Treasurer. This investment income is received on a quarterly basis, for the quarters ending March 31st, June 30th, September 30th, and December 31st. The Town receives an investment income statement and the cash from the State in the month following the end of the involved quarter. Thus, such revenue is actually received in July, October, January, and April. The Town’s LAIF principal balance at the end of FY 2012 was \$7,392,756.14.

	<b>Interest Rate</b>	<b>Interest Earned</b>	<b>FYTD</b>
First Quarter (7/1 - 9/30)	0.38%	\$ 6,579.66	\$ 6,579.66
Second Quarter (10/1 - 12/31)	0.38%	5,723.04	12,302.70
Third Quarter (1/1 - 3/31)	0.38%	6,030.30	18,333.00
Fourth Quarter (4/1 - 6/30)	0.36%	\$ 6,196.22	\$ 24,529.22

**General Fund Expense Performance Review**

General Fund **expenditures** totaled \$5,618,378 in 2011-12, an increase of 3.3%, or \$180,144, from 2010-11, and \$66,361, or 1.2%, below the 2011-12 budgeted level (Table Page 20)

The following chart provides an illustration of how the total expenditures for 2011-12 were categorized by department or program.



**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

The following charts depict the differences between 2010-11 and 2011-12 and the budget versus actual expenses for 2011-12.

**Two-year Comparison of General Fund Expenditures**

	<b>2011-12</b>	<b>2010-11</b>	<b>Inc. (Dec.) \$</b>	<b>Inc. (Dec.) %</b>
Town Council	\$ 32,050	\$ 20,122	\$ 11,928	59.3%
Administration & Finance	1,355,672	1,310,838	44,834	3.4%
Planning Department	786,140	1,109,356	(323,216)	-29.1%
Buildings & Grounds	248,325	120,238	128,087	106.5%
Town-wide Overhead	424,433	388,931	35,502	9.1%
Safety Services	1,447,726	1,327,180	120,546	9.1%
Trails & Stables	57,719	48,297	9,422	19.5%
Public Works	985,948	825,136	160,812	19.5%
Recreation & Open Space	146,993	131,263	15,730	12.0%
Barkley Fields	133,372	156,873	(23,501)	-15.0%
<b>Total Expenditures</b>	<b>\$ 5,618,378</b>	<b>\$ 5,438,234</b>	<b>\$ 180,144</b>	<b>3.3%</b>

**2011-12 General Fund Expenditures: Budget vs. Actual**

	<b>2011-12 Budget</b>	<b>2011-12 Actual</b>	<b>Over/(Under) \$</b>	<b>Over/(Under) %</b>
Town Council	\$ 44,000	\$ 32,050	\$ (11,950)	-27.2%
Administration & Finance	1,309,455	1,355,672	46,217	3.5%
Planning Department	899,375	786,140	(113,235)	-12.6%
Buildings & Grounds	240,171	248,325	8,154	3.4%
Town-wide Overhead	389,000	424,433	35,433	9.1%
Safety Services	1,461,737	1,447,726	(14,011)	-1.0%
Trails & Stables	63,406	57,719	(5,687)	-9.0%
Public Works	990,895	985,948	(4,947)	-0.5%
Recreation & Open Space	148,000	146,993	(1,007)	-0.7%
Barkley Fields	138,700	133,372	(5,328)	-3.8%
<b>Total Expenditures</b>	<b>\$ 5,684,739</b>	<b>\$ 5,618,378</b>	<b>\$ (66,361)</b>	<b>-1.2%</b>

- The **Town Council Department** expended \$11,928 more in 2011-12 than it did during 2010-11. This is the result of the Municipal Elections that were held in November of 2011 (elections are only held in odd-numbered years). This elections cost was incurred and charged to this department during 2011-12. The expenditures for this department were 27.2%, or \$11,950, below the budgeted amount in 2011-12.
- Expenditures for the **Administration and Finance** program area increased by \$44,834 from 2010-11. This 3.4% increase is primarily attributable to the increase in professional services of \$37,209, which included the recruitment of the Town Manager. The expenditures for this department were \$46,217 or 3.5% over budget.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

- **Planning Department** program costs decreased by \$323,216 or 29.1%. There were several reasons for this decrease. Two project manager staff in the Planning Department moved to the Public Works Department in FY 2012. This and other factors resulted in a \$214,264 decrease in salaries and benefits for the Planning Department in FY 2012. Additionally, the department used fewer contract planning service hours, decreasing contract expenses by \$49,757. The department under spent its FY 2012 budget by \$113,235, or 12.6%.
- Expenditures for the **Buildings and Grounds Department** increased by \$128,087, or 106.5%, during FY 2012. This was mostly due to the replacement of the H/VAC system for Town Hall and Independence Hall which occurred in FY 2012, which cost \$135,499. The department overspent the FY 2012 budget by 3.4% or \$8,154.
- **Town-wide Overhead** increased by \$35,502 or 9.1%, from FY 2011 and the budget was over-expended by \$35,433, or 9.1%. Unemployment insurance went up by \$9,231, Office supplies by \$13,940, and a one-time website upgrade expense increased contractual computer services by \$14,378.
- **Safety Services** increased by \$120,546, or 9.1%. This difference is attributable to the increased cost of about \$105,332 built into the Town's Agreement for Police Services with the County of San Mateo and the increased cost of animal control services of about \$8,706 in FY 2012. The 2012 expenditures were \$14,011, or 1% below the budgeted level.
- Expenditures for **Trails and Stables** increased by \$9,422 or 19.5%, during FY2012. This increase is attributable to a slight increase in personnel and supplies costs. The 2012 budget was under expended by \$5,687, or 9%.
- The **Public Works** program area experienced an increase in expenditures of \$160,812, or 19.5% in 2012. The increase is due primarily to the increase of project manager staff moving from the Planning Department to Public Works in FY 2012, salaries and benefits increased \$183,146 from last year. The Department was under budget by \$4,947 or .5%.
- The FY 2012 the audit splits the **Recreation and Open Space** program, into **Recreation and Open Space** and **Barkley Fields**. **Recreation** spent \$15,730 more this year than FY 2011 or 12%. This is mostly due to the fact that the Barn Dance occurred in FY 2012 at a cost of \$11,368 and the Barn Dance didn't take place in FY 2011. The budget for **Recreation** was under spent \$1,007 or .7%.
- **Barkley Fields** expenditures were \$23,501 less in FY 2012 and the budget was under spent by \$5,328 (3.8%). This decrease in expenditures was due to decreased water usage and contractual maintenance in FY 2012.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

**Measure A Fund**

The Measure A Fund is a special revenue fund that accounts for the Town's share of the proceeds of a county-wide half cent sales tax for transportation related projects, such as road repair and maintenance.

In FY 2012 revenues from the tax were \$251,935 and expenditures were \$765,161. A contribution of \$500,000 is made every year from the General Fund to the Measure A fund to supplement the funds available for road rehabilitation work and another \$103,000 is transferred out of the account (as an overhead charge), which leaves \$397,000 additional resource. These resulted in a net reduction in fund balance of \$116,226 reduction, ending the year with a balance of \$318,456.

The level of expenditures from this fund varies from year-to-year, depending upon the prioritization of road projects and the results of the public bidding process on these projects.

**Library Operations Fund**

The Library Operations Fund is a special revenue fund that is used to account for the Town's maintenance and operation of the Woodside Branch Library.

In FY 2012 revenues were \$490,109 and expenditures were \$87,366. \$29,400 is transferred out of the fund for overhead. This left the Library fund with a \$373,343 increase to the fund balance, ending the year with a balance of \$2,465,855.

As mentioned in the governmental section the Town is a party to a Joint Powers Agreement (JPA) between many of the cities within San Mateo County and the County itself.

**Other Governmental Funds**

Included in this category are the Road Impact Fee, Gas Tax, Traffic Safety, and the Supplemental Law Enforcement Services.

Discussed in detail the governmental section, other governmental funds as a whole had \$516,747 in revenues and \$509,949 in expenses. Transfers out were \$103,000 for overhead. These actions reduced the fund balance by \$96,202 to a \$222,361 ending fund balance.

**Performance of Enterprise Funds**

The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and service to the general public are financed or recovered primarily through user charges. The Town's enterprise operations consist entirely of public sewer service operations. The four funds that are included are the Cañada Corridor Sewer, Sewer Revolving, Sewer Utility, and Town Center Pump Sewer Funds. The performance of the Enterprise Funds has been previously discussed in this MD&A, with the overview of "Business-type Activities."

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management’s Discussion and Analysis, Continued**

**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

**BUDGETING**

**General Fund Budgetary Highlights**

The Town’s annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all other Major Funds. General fund *revenues* exceeded budget levels by \$613,942 for FY 2012. As discussed earlier in this MD&A this was mainly due to increased fees and permits and property tax revenue, resulting in these categories of revenue, charges for service, and other revenue categories, receipting more than what was budgeted. Actual *expenditures* were \$66,361 under budget, (a little more than 1% of budget). This resulted in a *total revenues over expenditures* of \$680,303 (Page 40).

The General Fund final budget differs from the original budget by \$184,460. The components of these changes include:

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
General	Support Town Manager recruitment process	\$13,460
General	Support replacement of the HVAC system in Town Hall and Independence Hall	\$15,000
General	Support the summer yoga class	\$20,000
General	Support contractual plan check services	\$128,000
General	Support ongoing operations of Barkley Park.	\$8,000

All of these adjustments were approved through resolution of the Town Council.

**Capital Assets**

The Town’s investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$16,487,707. This investment in capital assets includes roads, public buildings and facilities.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -
Buildings and improvements	5,750,177	5,891,330	-	-
Machinery and equipment	133,653	226,172	-	-
Computer Software	335,463	309,892	-	-
Pumps & Collection Systems	-	-	800,041	892,348
<b>Total</b>	<b>\$ 15,687,666</b>	<b>\$ 15,895,767</b>	<b>\$ 800,041</b>	<b>\$ 892,348</b>

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Management's Discussion and Analysis, Continued**

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**FUND FINANCIAL STATEMENTS ANALYSIS, Continued**

More detail of the capital assets and current activity can be found in **Note 1** to the financial statements for significant accounting policies and **Note 4** for other capital asset information.

**Requests for Information**

This Basic Financial Statements is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Town's finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the Town of Woodside Finance Department, P.O. Box 620005, Woodside, CA 94062, or visit the Town's web page at [www.woodsidetown.org](http://www.woodsidetown.org).

## **BASIC FINANCIAL STATEMENTS**

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# Town of Woodside, California

## Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Current assets:</b>			
Cash and investments	\$ 6,530,925	\$ 571,733	\$ 7,102,658
Receivables:			
Accounts receivable	13,293	3,126	16,419
Interest receivable	5,197	502	5,699
Intergovernmental receivable	13,956	6,924	20,880
Taxes receivable	529,508	-	529,508
<b>Total current assets</b>	<u>7,092,879</u>	<u>582,285</u>	<u>7,675,164</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	-	-	-
Depreciable	15,687,666	800,041	16,487,707
<b>Total noncurrent assets</b>	<u>15,687,666</u>	<u>800,041</u>	<u>16,487,707</u>
<b>Total assets</b>	<u>\$ 22,780,545</u>	<u>\$ 1,382,326</u>	<u>\$ 24,162,871</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 175,650	\$ 5,271	\$ 180,921
Deposits payable	1,495,285	-	1,495,285
Unearned revenue	-	6,924	6,924
<b>Total current liabilities</b>	<u>1,670,935</u>	<u>12,195</u>	<u>1,683,130</u>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Compensated absences	258,860	-	258,860
Net OPEB obligation	152,790	-	152,790
<b>Total noncurrent liabilities</b>	<u>411,650</u>	<u>-</u>	<u>411,650</u>
<b>Total liabilities</b>	<u>2,082,585</u>	<u>12,195</u>	<u>2,094,780</u>
<b>NET ASSETS</b>			
Invested in capital assets	15,687,666	800,041	16,487,707
Restricted	3,006,672	-	3,006,672
Unrestricted	2,003,622	570,090	2,573,712
<b>Total net assets</b>	<u>20,697,960</u>	<u>1,370,131</u>	<u>22,068,091</u>
<b>Total liabilities and net assets</b>	<u>\$ 22,780,545</u>	<u>\$ 1,382,326</u>	<u>\$ 24,162,871</u>

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

# Town of Woodside, California

## Statement of Activities

For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
Town Council	\$ 32,050	\$ -	\$ -	\$ -
Administration and Finance	1,483,954	60,604	-	-
Planning Department	795,213	415,789	-	-
Buildings and Grounds	248,325	-	-	-
Town-wide Overhead	424,433	-	-	-
Safety Services	1,547,726	15,836	109,352	-
Trails and Stables	57,719	30,009	-	-
Barkley Fields	218,521	15,621	-	-
Library Services	94,284	-	-	-
Public Works	2,161,058	735,852	420,380	5,492
Recreation and Open Space	146,993	160,338	-	-
Total governmental activities	7,210,276	1,434,049	529,732	5,492
Business-type activities:				
Sewer Capital Improvement	-	7,093	-	-
Sewer Utility	173,307	151,830	-	-
Town Center Pump Sewer	128,631	-	-	-
Cañada Corridor Sewer	30,331	9,300	-	-
Total business-type activities	332,269	168,223	-	-
<b>Total primary government</b>	<b>\$ 7,542,545</b>	<b>\$ 1,602,272</b>	<b>\$ 529,732</b>	

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use tax

Property transfer tax

Franchises

Business licenses

Fines and forfeitures

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net assets

Net assets:

Beginning of year

Net assets - Ending

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

<b>Net (Expense) Revenue and Changes in Net Assets</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (32,050)	\$ -	\$ (32,050)
(1,423,350)	-	(1,423,350)
(379,424)	-	(379,424)
(248,325)	-	(248,325)
(424,433)	-	(424,433)
(1,422,538)	-	(1,422,538)
(27,710)	-	(27,710)
(202,900)	-	(202,900)
(94,284)	-	(94,284)
(999,334)	-	(999,334)
13,345	-	13,345
(5,241,003)	-	(5,241,003)
-	7,093	7,093
-	(21,477)	(21,477)
-	(128,631)	(128,631)
-	(21,031)	(21,031)
-	(164,046)	(164,046)
<b>\$ (5,241,003)</b>	<b>\$ (164,046)</b>	<b>\$ (5,405,049)</b>
3,357,757	-	3,357,757
464,623	-	464,623
161,828	-	161,828
391,627	-	391,627
117,805	-	117,805
80,006	-	80,006
19,159	2,803	21,962
692,873	-	692,873
5,285,678	2,803	5,288,481
59,931	(59,931)	-
5,345,609	(57,128)	5,288,481
104,606	(221,174)	(116,568)
20,593,354	1,591,305	22,184,659
<b>\$ 20,697,960</b>	<b>\$ 1,370,131</b>	<b>\$ 22,068,091</b>

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

The Fund Financial Statements present only individual major funds, while non-major funds are combined in a single column. Major funds are defined as having significant activities or balances in the current year.

<b>Fund</b>	<b>Description</b>
Governmental Funds:	
General Fund	Primary operating fund of the Town; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Library Operations	Accounts for revenues and expenditures derived from the Town's membership in the San Mateo County Library System Joint Powers Authority.
Measure A	Accounts for the Town's share of a one-half cent sales tax revenue restricted for transportation purposes. Contributions from the General Fund are annually transferred to this fund to supplement the funds received from the tax. Excess General Fund contributions are classified in fund balance as committed.

**Town of Woodside, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Funds</b>	
		<b>Library Operations</b>	<b>Measure A</b>
<b>ASSETS</b>			
Cash and investments	\$ 3,561,882	\$ 2,466,155	\$ 291,691
Receivables:			
Accounts	9,527	-	-
Interest	3,320	1,800	(42)
Intergovernmental	-	-	-
Taxes receivable	502,426	-	27,082
<b>Total assets</b>	<b>\$ 4,077,155</b>	<b>\$ 2,467,955</b>	<b>\$ 318,731</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 166,598	\$ 2,100	\$ 275
Deposits payable	1,495,285	-	-
<b>Total liabilities</b>	<b>1,661,883</b>	<b>2,100</b>	<b>275</b>
<b>Fund balances:</b>			
Restricted reported in:			
Special revenue funds	-	2,465,855	318,456
Unassigned (deficit), reported in:			
General Fund	2,415,272	-	-
<b>Total fund balances</b>	<b>2,415,272</b>	<b>2,465,855</b>	<b>318,456</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,077,155</b>	<b>\$ 2,467,955</b>	<b>\$ 318,731</b>

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

<b>Nonmajor Governmental Funds</b>		<b>Totals</b>
\$ 211,197	\$ 6,530,925	
3,766	13,293	
119	5,197	
13,956	13,956	
-	529,508	
<u>\$ 229,038</u>	<u>\$ 7,092,879</u>	
\$ 6,677	\$ 175,650	
-	1,495,285	
<u>6,677</u>	<u>1,670,935</u>	
222,361	3,006,672	
-	2,415,272	
<u>222,361</u>	<u>5,421,944</u>	
<u>\$ 229,038</u>	<u>\$ 7,092,879</u>	

**Town of Woodside, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
**June 30, 2012**

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<b>Total fund balances - total governmental funds</b>		\$ 5,421,944
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.		15,687,666
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Compensated absences	\$ (258,860)	
Net OPEB obligation	(152,790)	(411,650)
<b>Net assets of governmental activities</b>		<u>\$ 20,697,960</u>

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

# Town of Woodside, California

## Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Assets

### Governmental Activities

June 30, 2012

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Assets
<b>Current assets:</b>				
Cash and investments	\$ 6,530,925	\$ -	\$ -	\$ 6,530,925
Receivables:				
Accounts receivable	13,293	-	-	13,293
Interest receivable	5,197	-	-	5,197
Intergovernmental receivable	13,956	-	-	13,956
Taxes receivable	529,508	-	-	529,508
<b>Total current assets</b>	<u>7,092,879</u>	<u>-</u>	<u>-</u>	<u>7,092,879</u>
<b>Noncurrent assets:</b>				
Capital assets, net	-	-	15,687,666	15,687,666
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>15,687,666</u>	<u>15,687,666</u>
<b>Total assets</b>	<u>\$ 7,092,879</u>	<u>\$ -</u>	<u>\$ 15,687,666</u>	<u>\$ 22,780,545</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 175,650	\$ -	\$ -	\$ 175,650
Deposits payable	1,495,285	-	-	1,495,285
<b>Total current liabilities</b>	<u>1,670,935</u>	<u>-</u>	<u>-</u>	<u>1,670,935</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	-	-	258,860	258,860
Net OPEB obligation	-	-	152,790	152,790
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>411,650</u>	<u>411,650</u>
<b>Total liabilities</b>	<u>1,670,935</u>	<u>-</u>	<u>411,650</u>	<u>2,082,585</u>
<b>FUND BALANCES/NET ASSETS</b>				
<b>Fund balances:</b>				
Restricted reported in:				
Special revenue funds	3,006,672	(3,006,672)	-	-
Unassigned (deficit), reported in:				
General Fund	2,415,272	(2,415,272)	-	-
<b>Net assets:</b>				
Invested in capital assets, net of related debt	-	-	15,687,666	15,687,666
Restricted	-	-	3,006,672	3,006,672
Unrestricted	-	5,421,944	(3,418,322)	2,003,622
<b>Total fund balances/ net assets</b>	<u>5,421,944</u>	<u>-</u>	<u>15,276,016</u>	<u>20,697,960</u>
<b>Total liabilities and net assets</b>	<u>\$ 7,092,879</u>	<u>\$ -</u>	<u>\$ 15,687,666</u>	<u>\$ 22,780,545</u>

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

**Town of Woodside, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2012**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Funds</b>	
		<b>Library Operations</b>	<b>Measure A</b>
<b>REVENUES:</b>			
Taxes and assessments	\$ 3,780,707	\$ -	\$ 251,485
Licenses and permits	1,086,435	-	-
Fines and forfeitures	28,436	-	-
Intergovernmental	603,459	482,569	-
Use of money and property	16,993	7,540	450
Charges for services	228,663	-	-
Other revenues	251,467	-	-
<b>Total revenues</b>	<b>5,996,160</b>	<b>490,109</b>	<b>251,935</b>
<b>EXPENDITURES:</b>			
Current:			
Town Council	32,050	-	-
Administration and Finance	1,355,672	-	-
Planning Department	786,140	-	-
Buildings and Grounds	248,325	-	-
Town-wide Overhead	424,433	-	-
Safety Services	1,447,726	-	-
Trails and Stables	57,719	-	-
Barkley Fields	133,372	-	-
Library Services	-	87,366	-
Public Works	985,948	-	765,161
Recreation and Open Space	146,993	-	-
<b>Total expenditures</b>	<b>5,618,378</b>	<b>87,366</b>	<b>765,161</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>377,782</b>	<b>402,743</b>	<b>(513,226)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	491,354	-	500,000
Transfers out	(696,023)	(29,400)	(103,000)
<b>Total other financing sources (uses)</b>	<b>(204,669)</b>	<b>(29,400)</b>	<b>397,000</b>
<b>Net change in fund balances</b>	<b>173,113</b>	<b>373,343</b>	<b>(116,226)</b>
<b>FUND BALANCES:</b>			
Beginning of year	2,242,159	2,092,512	434,682
End of year	<b>\$ 2,415,272</b>	<b>\$ 2,465,855</b>	<b>\$ 318,456</b>

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

<b>Other Governmental Funds</b>		<b>Totals</b>	
\$	168,895	\$	4,201,087
	-		1,086,435
	28,118		56,554
	109,352		1,195,380
	1,019		26,002
	209,363		438,026
	-		251,467
	<u>516,747</u>		<u>7,254,951</u>
	-		32,050
	-		1,355,672
	-		786,140
	-		248,325
	-		424,433
	100,000		1,547,726
	-		57,719
	-		133,372
	-		87,366
	409,949		2,161,058
	-		146,993
	<u>509,949</u>		<u>6,980,854</u>
	<u>6,798</u>		<u>274,097</u>
	-		991,354
	<u>(103,000)</u>		<u>(931,423)</u>
	<u>(103,000)</u>		<u>59,931</u>
	<u>(96,202)</u>		<u>334,028</u>
	<u>318,563</u>		<u>5,087,916</u>
\$	<u>222,361</u>	\$	<u>5,421,944</u>

# Town of Woodside, California

## Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2012

Functions/Programs	Fund Based Totals	Compensated Absences	Depreciation	Capital Asset (Additions)/ Retirements	OPEB Obligation	Government- wide Totals
<b>Governmental activities:</b>						
Town Council	\$ 32,050	\$ -	\$ -	\$ -	\$ -	\$ 32,050
Administration and Finance	1,355,672	19,437	106,961	-	1,884	1,483,954
Planning Department	786,140	-	9,073	-	-	795,213
Buildings and Grounds	248,325	-	-	-	-	248,325
Town-wide Overhead	424,433	-	-	-	-	424,433
Safety Services	1,547,726	-	-	-	-	1,547,726
Trails and Stables	57,719	-	-	-	-	57,719
Barkley Fields	133,372	-	85,149	-	-	218,521
Library Services	87,366	-	6,918	-	-	94,284
Public Works	2,161,058	-	-	-	-	2,161,058
Recreation and Open Space	146,993	-	-	-	-	146,993
<b>Total governmental activities</b>	\$ 6,980,854	\$ 19,437	\$ 208,101	\$ -	\$ 1,884	\$ 7,210,276

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

**Town of Woodside, California**  
**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, 2012**

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**Net change in fund balances - total governmental funds** \$ 334,028

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 26,820	
Depreciation expense	<u>(234,921)</u>	(208,101)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences		(19,437)
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Assets:

Net OPEB obligation		(1,884)
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<b>Change in net assets of governmental activities</b>		<u><u>\$ 104,606</u></u>
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The accompanying notes are an integral part of these basic financial statements.

# Town of Woodside, California

## Statement of Revenues, Expenditures, and Changes in Fund Balances -

### Budget to Actual - General Fund and Major Special Revenue Funds

For the year ended June 30, 2012

	<b>General Fund</b>			
	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
<b>REVENUES:</b>				
Taxes and assessments	\$ 3,605,568	\$ 3,605,568	\$ 3,780,707	\$ 175,139
Licenses and permits	721,350	721,350	1,086,435	365,085
Fines and forfeitures	32,000	32,000	28,436	(3,564)
Intergovernmental	600,000	600,000	603,459	3,459
Use of money and property	43,300	43,300	16,993	(26,307)
Charges for services	197,550	197,550	228,663	31,113
Other revenues	182,450	182,450	251,467	69,017
<b>Total revenues</b>	<b>5,382,218</b>	<b>5,382,218</b>	<b>5,996,160</b>	<b>613,942</b>
<b>EXPENDITURES:</b>				
Current:				
Town Council	44,000	44,000	32,050	11,950
Administration and Finance	1,295,995	1,309,455	1,355,672	(46,217)
Planning Department	903,375	899,375	786,140	113,235
Buildings and Grounds	225,171	240,171	248,325	(8,154)
Town-wide Overhead	389,000	389,000	424,433	(35,433)
Safety Services	1,461,737	1,461,737	1,447,726	14,011
Trails and Stables	63,406	63,406	57,719	5,687
Barkley Fields	130,700	138,700	133,372	5,328
Library Services	-	-	-	-
Public Works	862,895	990,895	985,948	4,947
Recreation and Open Space	128,000	148,000	146,993	1,007
<b>Total expenditures</b>	<b>5,504,279</b>	<b>5,684,739</b>	<b>5,618,378</b>	<b>66,361</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(122,061)</b>	<b>(302,521)</b>	<b>377,782</b>	<b>680,303</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	496,475	496,475	491,354	(5,121)
Transfers out	(804,144)	(804,144)	(696,023)	108,121
<b>Total other financing sources (uses)</b>	<b>(307,669)</b>	<b>(307,669)</b>	<b>(204,669)</b>	<b>103,000</b>
<b>Net change in fund balances</b>	<b>(429,730)</b>	<b>(610,190)</b>	<b>173,113</b>	<b>783,303</b>
<b>FUND BALANCES:</b>				
Beginning of year	2,242,159	2,242,159	2,242,159	-
End of year	<b>\$ 1,812,429</b>	<b>\$ 1,631,969</b>	<b>\$ 2,415,272</b>	<b>\$ 783,303</b>

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

Library Operations				Measure A			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 235,000	\$ 235,000	\$ 251,485	\$ 16,485
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
470,000	470,000	482,569	12,569	-	-	-	-
13,000	13,000	7,540	(5,460)	750	750	450	(300)
-	-	-	-	-	-	-	-
-	-	-	-	194,000	194,000	-	(194,000)
483,000	483,000	490,109	7,109	429,750	429,750	251,935	(177,815)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
93,652	93,652	87,366	6,286	-	-	-	-
-	-	-	-	1,001,675	1,001,675	765,161	236,514
-	-	-	-	-	-	-	-
93,652	93,652	87,366	6,286	1,001,675	1,001,675	765,161	236,514
389,348	389,348	402,743	13,395	(571,925)	(571,925)	(513,226)	58,699
-	-	-	-	500,000	500,000	500,000	-
(29,400)	(29,400)	(29,400)	-	(103,000)	(103,000)	(103,000)	-
(29,400)	(29,400)	(29,400)	-	397,000	397,000	397,000	-
359,948	359,948	373,343	13,395	(174,925)	(174,925)	(116,226)	58,699
2,092,512	2,092,512	2,092,512	-	434,682	434,682	434,682	-
\$ 2,452,460	\$ 2,452,460	\$ 2,465,855	\$ 13,395	\$ 259,757	\$ 259,757	\$ 318,456	\$ 58,699

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## PROPRIETARY FUNDS

Proprietary funds account for Town's operations financed and operated in a manner similar to a private business enterprise. The intent of the Town is that the cost of providing goods and services be financed primarily through user charges.

All of the Town's Enterprise Funds have been identified as major proprietary funds for fiscal year 2011-2012.

<b>Fund</b>	<b>Description</b>
<b>MAJOR FUNDS:</b>	
Sewer Capital Improvement	Accounts for revenues and expenses associated with the sewer connections to the Redwood Creek Sewer Assessment District, allocated to sewer system improvements and rehabilitation.
Sewer Utility	Accounts for all activities associated with the operation and maintenance of providing sewage services. This fund includes a related reserve fund, used to accumulate revenues in support of prior year sewer operating costs, to be paid when negotiations with other agencies are completed.
Town Center Pump Sewer	Accounts for all the assets and liabilities of the Town Center Sewer District and to hold reserves for meeting all prior year liabilities to Redwood City and the County of San Mateo for the treatment, transportation, and capacity rental needs of the District.
Cañada Corridor Sewer	Accounts for the operation and maintenance of services provided by the Cañada Corridor Sanitary Sewer Area.

**Town of Woodside, California**

**Statement of Net Assets**

**Enterprise Funds**

**June 30, 2012**

	<u>Sewer Capital Improvement</u>	<u>Sewer Utility</u>	<u>Town Center Pump Sewer</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 162,914	\$ 39,463	\$ 367,342
Receivables:			
Accounts	-	2,767	-
Interest	139	50	315
Loans	6,924	-	-
<b>Total current assets</b>	<u>169,977</u>	<u>42,280</u>	<u>367,657</u>
<b>Noncurrent assets:</b>			
Capital assets, net	-	-	449,247
<b>Total assets</b>	<u>\$ 169,977</u>	<u>\$ 42,280</u>	<u>\$ 816,904</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 5,271	\$ -
<b>Total current liabilities</b>	<u>-</u>	<u>5,271</u>	<u>-</u>
<b>Noncurrent liabilities:</b>			
Unearned revenues	6,924	-	-
<b>Total liabilities</b>	<u>6,924</u>	<u>5,271</u>	<u>-</u>
<b>Net Assets:</b>			
Invested in capital assets	-	-	449,247
Unrestricted	163,053	37,009	367,657
<b>Total net assets</b>	<u>163,053</u>	<u>37,009</u>	<u>816,904</u>
<b>Total liabilities and net assets</b>	<u>\$ 169,977</u>	<u>\$ 42,280</u>	<u>\$ 816,904</u>

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

<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ 2,014	\$ 571,733
359	3,126
(2)	502
-	6,924
<u>2,371</u>	<u>582,285</u>
350,794	800,041
<u>\$ 353,165</u>	<u>\$ 1,382,326</u>
\$ -	\$ 5,271
-	5,271
-	6,924
-	12,195
350,794	800,041
2,371	570,090
<u>353,165</u>	<u>1,370,131</u>
<u>\$ 353,165</u>	<u>\$ 1,382,326</u>

**Town of Woodside, California**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Enterprise Funds**  
**For the year ended June 30, 2012**

	<b>Sewer Capital Improvement</b>	<b>Sewer Utility</b>	<b>Town Center Pump Sewer</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 7,093	\$ 151,830	\$ -
<b>Total operating revenues</b>	<u>7,093</u>	<u>151,830</u>	<u>-</u>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	-	79,168	-
Professional services	-	18,375	-
Materials and supplies	-	71,470	53,758
General and administrative expense	-	4,294	74,873
<b>Total operating expenses</b>	<u>-</u>	<u>173,307</u>	<u>128,631</u>
<b>OPERATING INCOME</b>	<u>7,093</u>	<u>(21,477)</u>	<u>(128,631)</u>
<b>NONOPERATING REVENUES:</b>			
Interest revenue	591	693	1,518
<b>Total non-operating revenues, net</b>	<u>591</u>	<u>693</u>	<u>1,518</u>
<b>NET INCOME BEFORE TRANSFERS</b>	7,684	(20,784)	(127,113)
Transfers out	(5,945)	(27,153)	(23,346)
<b>Total transfers</b>	<u>(5,945)</u>	<u>(27,153)</u>	<u>(23,346)</u>
<b>CHANGE IN NET ASSETS</b>	1,739	(47,937)	(150,459)
<b>NET ASSETS:</b>			
Beginning of year	161,314	84,946	967,363
End of year	<u>\$ 163,053</u>	<u>\$ 37,009</u>	<u>\$ 816,904</u>

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

<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ 9,300	\$ 168,223
<u>9,300</u>	<u>168,223</u>
-	79,168
-	18,375
12,896	138,124
17,435	96,602
<u>30,331</u>	<u>332,269</u>
<u>(21,031)</u>	<u>(164,046)</u>
<u>1</u>	<u>2,803</u>
<u>1</u>	<u>2,803</u>
(21,030)	(161,243)
<u>(3,487)</u>	<u>(59,931)</u>
(3,487)	(59,931)
(24,517)	(221,174)
<u>377,682</u>	<u>1,591,305</u>
<u>\$ 353,165</u>	<u>\$ 1,370,131</u>

**Town of Woodside, California**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the year ended June 30, 2012**

	<b>Sewer Capital Improvement</b>	<b>Sewer Utility</b>	<b>Town Center Pump Sewer</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received (refunds paid) from (to) customers/users for services provided	\$ 7,093	\$ 149,063	\$ -
Cash payments to suppliers for goods and services	-	(90,687)	(53,758)
Cash payments to employees for services	-	(79,168)	-
<b>Net cash provided by operating activities</b>	<u>7,093</u>	<u>(20,792)</u>	<u>(53,758)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers received (paid)	(5,945)	(27,153)	(23,346)
<b>Net cash used by noncapital financing activities</b>	<u>(5,945)</u>	<u>(27,153)</u>	<u>(23,346)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	-	-	-
<b>Net cash (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income received	618	3,026	1,715
<b>Net cash provided by investing activities</b>	<u>618</u>	<u>3,026</u>	<u>1,715</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,766	(44,919)	(75,389)
<b>CASH AND CASH EQUIVALENTS:</b>			
Beginning of year	161,148	84,382	442,731
End of year	<u>\$ 162,914</u>	<u>\$ 39,463</u>	<u>\$ 367,342</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 7,093	\$ (21,477)	\$ (128,631)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	-	74,873
(Increase) decrease in current assets:			
Accounts receivable	13,808	(2,767)	-
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	-	3,452	-
Unearned revenues	(6,884)	-	-
<b>Net cash provided by operating activities</b>	<u>\$ 7,093</u>	<u>\$ (20,792)</u>	<u>\$ (53,758)</u>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2012.**

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

<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ 8,941	\$ 165,097
(12,897)	(157,342)
-	(79,168)
(3,956)	(71,413)
(3,487)	(59,931)
(3,487)	(59,931)
-	-
-	-
194	5,553
194	5,553
(7,249)	(125,791)
9,263	697,524
\$ 2,014	\$ 571,733

\$ (21,031)	\$ (164,046)
17,434	92,307
(359)	10,682
-	3,452
-	(6,884)
\$ (3,956)	\$ (71,413)

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## **FIDUCIARY FUNDS**

Fiduciary funds account for assets held in a trustee capacity for others.

All of the Town's fiduciary funds are agency funds.

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**Town of Woodside, California**  
**Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2012**

	<u>Totals</u>
<b>ASSETS</b>	
Cash and investments	\$ 433,591
Receivables:	
Interest	523
Special assessments	<u>680,000</u>
<b>Total assets</b>	<u><u>\$ 1,114,114</u></u>
<b>LIABILITIES</b>	
Deferred revenue	\$ 680,000
Due to others	<u>434,114</u>
<b>Total liabilities</b>	<u><u>\$ 1,114,114</u></u>

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2012**

**Index to Notes to Basic Financial Statements**

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**Town of Woodside, California**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Woodside (Town) was incorporated on November 16, 1956, under the laws and regulations of the State of California (State). The Town operates under a Town Council/Manager form of government and provides the following services: public works, planning and zoning, building regulation, general administrative services, and public safety (provided by San Mateo County Sheriff).

The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The Town applies all GASB pronouncements to its activities.

In addition, the Town applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

***Financial Reporting Entity***

The Town operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The Town's main funding sources include sales taxes, other intergovernmental revenue from state and federal sources, user fees, and property taxes. All property taxes are paid to San Mateo County (County) as part of the revenue neutrality payment obligation. The financial statements do not reflect the amounts received on behalf of the Town and retained by the County for distribution to other services.

The financial reporting entity consists of (a) the primary government, the Town, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the Town has the ability to impose its will on the organization, or (b) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the Town.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Financial Reporting Entity, Continued*

There are no component units of the Town that meet the criteria for discrete presentation.

*Basis of Presentation*

*Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions restricted to the operating or capital requirements of a specific function or segment. All taxes and internally dedicated resources are reported as *general revenues* rather than program revenues.

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least ten percent of the corresponding total for all funds of that category or type; and,

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Presentation, Continued*

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least five percent of the corresponding total for all governmental funds combined.

The Town reports the following major funds:

- General Fund
- Library Operations Special Revenue Fund
- Measure A Special Revenue Fund

Descriptions of these funds are included on the divider page preceding the Governmental Funds Balance Sheet.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is used to account for resources traditionally associated with the Town which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the Town's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

*Special Revenue Funds*

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

**Proprietary Funds**

*Enterprise Funds*

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Presentation, Continued*

**Fiduciary Funds**

*Agency Funds*

Agency Funds account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not presented in the government-wide financial statements. There are six agency funds, five of which account for fees collected for other agencies for capital facilities and development and the sixth accounts for improvement assessments paid by businesses.

*Measurement Focus*

Measurement focus is a term used to describe which transactions are recorded within the various financial statements.

On the government-wide Statement of Net Assets and the Statement of Activities, governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as Net Assets, which serves as an indicator of financial position.

In the fund financial statements, the “current financial resources” measurement focus is used for governmental funds. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The enterprise funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. Enterprise fund equity is classified as net assets.

Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

*Basis of Accounting*

In the government-wide Statement of Net Assets and Statement of Activities, governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Accounting, Continued*

Property taxes, franchise 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 year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

*Assets, Liabilities, and Equity*

**Cash 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.

**Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes, sales and use taxes, intergovernmental subventions, interest earnings, and expense reimbursements.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property tax, sales tax, and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available, such as property tax, are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis.

Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. The Town's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Accounting, Continued*

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are offset with a nonspendable fund balance for long-term assets to indicate they do not constitute current resources available for appropriation.

**Capital Assets**

The Town's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$1,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

*Government-Wide Statements*

Public domain (infrastructure) capital assets include roads, bridges, streets, drainage systems, and pumps.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Since then these assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 – 50 years
Sewer Lines	30 years
Machinery and equipment	5 - 20 years
Computer Software	5 years

*Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Compensated Absences**

Employees accrue personal leave, holiday, administrative leave, and compensatory time off benefits. Town employees have vested interests in the amount of accrued time off and are paid on termination. All personal leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements and is currently payable. The Town had employee resignations or retirements however, none of which compensated absences should be accrued in governmental funds at year-end. The general fund is typically used to liquidate compensated absences.

**Deferred and Unearned Revenues**

Deferred revenues in governmental funds arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues in enterprise funds and the statement of net assets arise when resources are received by the Town before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenses).

**Equity Classification**

*Government-Wide Statements*

Equity is classified as net assets and is displayed in three components:

- a. *Invested in capital assets, net of related debt* – consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. *Restricted net assets* – consists of net assets with constraints placed on the use by external groups such as creditors, grantors, contributors, or by laws or regulations of other governments or law through constitutional provisions or enabling legislation.
- c. *Unrestricted net assets* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Equity Classification, Continued**

*Fund Financial Statements*

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned, or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the Town:

***Nonspendable Fund Balance –***

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

***Restricted Fund Balance –***

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (creditors, grantors, contributors and other governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (e.g., Gas Tax).

***Committed Fund Balance –***

- Self imposed limitations set in place prior to the end of the period (encumbrances, economic contingencies and uncertainties).
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.
- Council Resolution is required to be taken to establish, modify, or rescind a fund balance commitment.

***Assigned Fund Balance –***

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.
- The Town Council delegates the authority to the Town Manager to assign fund balance amounts to specific purposes when such purposes are enacted by the Town Council.

***Unassigned Fund Balance –***

- Residual net resources.
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Revenues, Expenditures, and Expenses*

**Property Tax**

The County of San Mateo (County) is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The Town recognizes property taxes when the individual installments are due, provided they are collected within 60 days after year-end.

Secured property taxes are levied on or before the first day of September of each year. They become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These taxes are paid in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, cost, and interest when paid. If the delinquent taxes are not paid at the end of five years, the property is sold at public auction and the proceeds are used to pay the delinquent amounts due. Any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1, and become delinquent, if unpaid on August 31.

The Town participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allow counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and penalties and interest during a fiscal year will revert to San Mateo County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue retained by San Mateo County under the revenue neutrality agreement. Under the Teeter Plan Code, 5% of the delinquency must remain with the County as a reserve for Teeter plan funding.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Interfund Transfers**

Resources are reallocated between funds by reporting them as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**Budgetary Accounting**

The Town Council establishes budgets for the General Fund and all Special Revenue Funds. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the Town Manager. The Town Manager prepares an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the Town Council and is adopted by resolution by the Town Council on or before June 30 in accordance with the municipal code.

The Town Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The Town Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2012. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**2. CASH AND INVESTMENTS**

At June 30, 2012, the Town's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	<u>Not rated</u>	<u>Fair Market Value</u>
<u>Cash equivalents and investments pooled</u>		
Pooled cash, at fair value		
Cash in bank	\$ 134,076	\$ 134,076
Petty cash	400	400
Total pooled items	<u>134,476</u>	<u>134,476</u>
Pooled investments, at fair value		
<u>Interest obligations</u>		
State of California Local Agency Investment Fund	7,401,773	7,401,773
Total pooled investments - interest obligations	<u>7,401,773</u>	<u>7,401,773</u>
Total cash equivalents and investments pooled	<u>\$ 7,536,249</u>	<u>\$ 7,536,249</u>
<b>Amounts reported in:</b>		
Governmental activities		\$ 6,530,925
Business-type activities		571,733
Fiduciary activities - Agency Funds		433,591
<b>Total</b>		<u>\$ 7,536,249</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Local Agency Investment Fund	7,401,773	0.25
Total fair value	<u>\$ 7,401,773</u>	
Portfolio weighted average maturity		0.25

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The only authorized investment vehicles that address interest rate risk, credit risk, and concentration of credit risk, per the Town's investment policy, are the State of California Local Agency Investment Fund (LAIF) and certificates of deposit in California financial institutions.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**2. CASH AND INVESTMENTS, Continued**

*Concentration of credit risk* – The Town’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the Town Treasurer are limited to those allowable under State statutes as incorporated into the Town’s Investment Policy, which is accepted annually by the Town Council. There were no concentrations in any one issuer for the year.

The Town participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested 0.76% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk such as changes in interest rates.

*Custodial credit risk – deposits.* For deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2012, the Town had a balance of \$288,711 and exceeded the \$250,000 Federal Deposit Insurance Corporation’s insurance limits.

*Custodial credit risk – investments.* For investments, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the Town, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

At June 30, 2012, the carrying amount of the Town’s deposits was \$134,076 and the balances in financial institutions were \$288,711. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$38,711 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the Town and other governmental agencies, but not in the name of the Town. As of June 30, 2012, the Town’s investments were held by the Town’s custodial agent, but not in the Town’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SPIC) and supplemental private insurance up to a limit of \$150 million.

**Investment in LAIF:** LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$60,588,263 of which the Town had a balance of \$7,401,773. Of the total invested, 0.76% was invested in Structured Notes and Asset-Backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Town’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Town’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2012:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts	\$ 13,293	\$ 3,126	\$ -	\$ 16,419
Interest	5,197	502	523	6,222
Intergovernmental	13,956	6,924	-	20,880
Taxes	529,508	-	-	529,508
Special assessments	-	-	680,000	680,000
<b>Total accounts receivable</b>	<b>\$ 561,954</b>	<b>\$ 10,552</b>	<b>\$ 680,523</b>	<b>\$ 1,253,029</b>

These amounts resulted in the following concentrations in receivables:

Other Governments	96.87%
Individuals/Businesses	2.27%
Financial	0.86%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business, or agency.

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2012, was as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373
<b>Total nondepreciable assets</b>	<b>9,468,373</b>	<b>-</b>	<b>-</b>	<b>9,468,373</b>
<b>Depreciable assets:</b>				
Buildings and improvements	7,057,683	-	-	7,057,683
Computer software	342,766	-	-	342,766
Machinery & equipment	775,487	26,192	(86,248)	715,431
<b>Total depreciable assets</b>	<b>8,175,936</b>	<b>26,192</b>	<b>(86,248)</b>	<b>8,115,880</b>
<b>Total</b>	<b>17,644,309</b>	<b>26,192</b>	<b>(86,248)</b>	<b>17,584,253</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(1,166,353)	(141,153)	-	(1,307,506)
Computer Software	(32,874)	(61,305)	-	(94,179)
Machinery & equipment	(549,315)	(32,463)	86,876	(494,902)
<b>Total accumulated depreciation</b>	<b>(1,748,542)</b>	<b>(234,921)</b>	<b>86,876</b>	<b>(1,896,587)</b>
<b>Net depreciable assets</b>	<b>6,427,394</b>	<b>(208,729)</b>	<b>628</b>	<b>6,219,293</b>
<b>Total net capital assets</b>	<b>\$ 15,895,767</b>	<b>\$ (208,729)</b>	<b>\$ 628</b>	<b>\$ 15,687,666</b>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**4. CAPITAL ASSETS, Continued**

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
<b><u>Business-type activities</u></b>				
<b>Depreciable assets:</b>				
Buildings and improvements	\$ 141,706	\$ -	\$ -	\$ 141,706
Pumps and collections system	2,726,497	-	-	2,726,497
Machinery & equipment	9,727	-	-	9,727
<b>Total depreciable assets</b>	<b>2,877,930</b>	<b>-</b>	<b>-</b>	<b>2,877,930</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(141,706)	-	-	(141,706)
Pumps and collections system	(1,834,151)	(90,882)	-	(1,925,033)
Machinery & equipment	(9,725)	(1,425)	-	(11,150)
<b>Total accumulated depreciation</b>	<b>(1,985,582)</b>	<b>(92,307)</b>	<b>-</b>	<b>(2,077,889)</b>
<b>Total net capital assets</b>	<b>\$ 892,348</b>	<b>\$ (92,307)</b>	<b>\$ -</b>	<b>\$ 800,041</b>

Depreciation expense for capital assets was charged to functions as follows:

<b>Governmental Activities</b>	
Administration and Finance	\$ 132,286
Public Works	10,568
Library Services	6,918
Barkley Fields	85,149
<b>Total</b>	<b>\$ 234,921</b>

<b>Business-Type Activities</b>	
Town center pump sewer	\$ 74,873
Canada Corridor sewer	17,434
<b>Total</b>	<b>\$ 92,307</b>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2012:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 175,650	\$ 5,271	\$ 180,921
Deposits payable	1,495,285	-	1,495,285
Unearned revenue	-	6,924	6,924
Total	<u>\$ 1,670,935</u>	<u>\$ 12,195</u>	<u>\$ 1,683,130</u>

These amounts resulted in the following concentrations in payables:

Vendors	10.75%
Individuals	89.25%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or individual.

**6. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Compensated Absences	\$ 239,423	\$ 19,437	\$ -	\$ 258,860	\$ -
Net OPEB Obligation	150,906	1,884	-	152,790	-
Total noncurrent liabilities	<u>\$ 390,329</u>	<u>\$ 21,321</u>	<u>\$ -</u>	<u>\$ 411,650</u>	<u>\$ -</u>

**Compensated Absences**

The Town's long-term liabilities consist of amounts due to employees for earned but unused compensated absences, including personal leave and compensated time off leave balances. These amounts are typically liquidated by the General Fund.

**Net OPEB Obligation**

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2012, the Town had a Net OPEB Obligation of \$152,790. See Note 11 for further discussion on OPEB.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**7. NET ASSETS/ FUND BALANCES**

**Net Assets**

	Governmental Activities	Business-type Activities
Invested in capital assets	\$ 15,687,666	\$ 800,041
Restricted	3,006,672	-
Unrestricted	2,003,622	570,090
Total	<u>\$ 20,697,960</u>	<u>\$ 1,370,131</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below.

**Fund Balance**

Restricted and Unassigned fund balance consisted of the following at June 30, 2012:

<b>Restricted:</b>	
<b>Nonmajor Funds:</b>	
Traffic Safety	\$ 40,972
Gas Tax	153,205
Measure A	318,456
Road Impact Fees	15,108
Supplemental Law Enforcement Services	2,864
California Law Enforcement Equipment Program	10,212
Library Operations	2,465,855
<b>Total Nonmajor Funds- Restricted</b>	<u>3,006,672</u>
<b>Total Restricted</b>	<u>\$ 3,006,672</u>
<b>Unassigned:</b>	
<b>Major Funds:</b>	
General Fund	2,415,272
<b>Total Major Funds- Unassigned</b>	<u>2,415,272</u>
<b>Total Unassigned</b>	<u>2,415,272</u>
<b>Total Fund Balance</b>	<u>\$ 5,421,944</u>

The following describes the purpose of each nonspendable, restriction, and commitment account used by the Town:

**Restricted**

- **Traffic Safety** – represents amounts restricted for receipts from fines and forfeitures from violations of the California Vehicle Code, for support of the Town’s Road Program.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**7. NET ASSETS/ FUND BALANCES, Continued**

- **Gas Tax** – represents amounts restricted for road maintenance and construction purposes by the California Streets and Highways Code.
- **Measure A** – represents amounts restricted for the Town’s share of a one-half cent sales tax revenue for road repairs and construction.
- **Road Impact Fees** – represents amounts restricted for receipts of road impact fees, assessed against all building projects, for road maintenance.
- **Supplemental Law Enforcement Services** – represents amounts restricted for receipts of State revenues derived from the Citizens for Public Safety (COPS) Program, for direct law enforcement/ public safety activities.
- **California Law Enforcement Equipment Program** – represents amounts restricted for State of California grants funds for law enforcement equipment acquisitions.
- **Library Operations** – represents amounts restricted for revenues and expenditures derived from the Town’s membership in the San Mateo County Library System Joint Powers Authority (JPA).

**8. INTERFUND TRANSACTIONS**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers consisted of the following at June 30, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 491,354	\$ 696,023
Library Operations	-	29,400
Measure A	500,000	103,000
Total Major Funds	<u>991,354</u>	<u>828,423</u>
<b>Non-major Funds:</b>		
<b>Special Revenue Funds:</b>		
Road Impact Fees	-	103,000
Total Non-major Special Revenue Funds	<u>-</u>	<u>103,000</u>
Total Non-major Funds	<u>-</u>	<u>103,000</u>
Total Governmental Activities	<u>991,354</u>	<u>931,423</u>
<b><u>Business-type Activities</u></b>		
Sewer Capital Improvement	-	5,945
Sewer Utility	-	27,153
Town Center Pump Sewer	-	23,346
Canada Corridor Sewer	-	3,487
Total Business-type Activities	<u>-</u>	<u>59,931</u>
<b>Total Transfers</b>	<u>\$ 991,354</u>	<u>\$ 991,354</u>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**9. RISK MANAGEMENT**

The Town of Woodside, California is a member of the Association of Bay Area Governments (ABAG), for general liability claims in an amount up to \$5,000,000. ABAG is comprised of nine counties consisting of 101 cities and towns with the Bay Area. ABAG is responsible for administering the Pooled Liability Assurance Network (PLAN) Corporation. Through ABAG Plan, the Town has additional insurance coverage from Lexington Insurance Company and from the Insurance Company of the State of PA. The Town pays an annual premium to ABAG for its insurance coverage.

The Town’s insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment Source
General Liability Claims:		
\$0 - \$25,000	Self-insured retention	Town Funds
25,001 - 5,000,000	ABAG PLAN	Shared risk pool
5,000,001 - 10,000,000	Insurance Company of the State of PA through ABAG	Lexington Insurance
10,000,001 - 25,000,000	Insurance Company of the State of PA through ABAG	Lexington Insurance
Workers' Compensation Claims:		
\$0 - \$1,000,000	State Compensation Insurance Fund	State Compensation Insurance Fund

**10. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM**

***Plan Description***

The Town of Woodside contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and part-time employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over 12 consecutive months of employment. Benefit provisions and all other requirements are established by State statute. The establishment and amendment of specific benefit provisions of the Plan is authorized by resolution of the Town Council. PERS requires plans with less than 100 active participants to participate in risk pools. The Town participated in the Miscellaneous 2.5% at 55 Risk Pool for the year ended June 30, 2012. Copies of the PERS annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, CA 95814.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

***Funding Policy***

The Town is required to contribute at an actuarially determined rate. The current rate is 15.646% of the annual covered payroll for miscellaneous employees. The Town's contributions for the years ended June 30, 2012, 2011 and 2010 were \$341,311, \$415,505 and \$419,141, respectively, which were equal to the required contributions for each year. Active PERS plan members are required to contribute a percentage of their annual covered salary. The percentage required is 8% for miscellaneous employees. For Town employees hired prior to June 30, 2012, the Town makes the contributions required on their behalf and for their account, and together amounted to \$460,759 for the year ended June 30, 2012. The contribution requirement of plan members and the Town are established and may be amended by PERS.

**11. OTHER POST EMPLOYMENT BENEFITS**

***Plan Description.*** The Town of Woodside Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the Town. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. The Town provides retiree medical benefits through the California Public Employees' Retirement System healthcare program (PEMHCA). For eligible retirees and actives, the Town pays full employee premiums. The Town joined PEMHCA in 1998. The Town's retiree contribution is \$99,369 for 2011 and \$106,299 for 2012.

Commencing with fiscal year 2011, the Town participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 43, Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans, disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

***Eligibility:*** Employees are eligible to participate in the Town's Retiree Healthcare Plan if they retire directly from the Town under CalPERS with five years of PERS service (there is no minimum service requirement if retirement is due to a service-connected disability.) Since PEMHCA is a community rated plan for most employers, an implied subsidy is not reflected under GASB 45. The Town does not provide dental, vision, life, or Medicare Part B reimbursement to retirees. The Retiree Healthcare Plan does not issue a financial report.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

Membership of the plan consisted of the following at June 30, 2012

Retirees and beneficiaries receiving benefits	6
Current staff receiving benefits	3
Other participants not yet fully eligible for benefits	13
<b>Total</b>	<b>22</b>

**Funding Policy.** The contribution requirements of the Plan participants and the Town are established by and may be amended by the Town. The Town currently prefunds plan benefits through the CERBT by contributing at least 100% of the Annual Required Contribution (ARC).

The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For fiscal year 2012, the Town contributed \$106,299 to the Plan, including \$33,443 for current benefit payments and \$72,856 to prefund Plan benefits.

**Annual OPEB Cost and Net OPEB Obligation.** The Town’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town’s Net OPEB obligation:

Annual required contribution	\$ 106,291
Adjustment to ARC and interest received in trust	1,892
Annual OPEB cost (expense)	108,183
Contributions made to irrevocable trust	(72,856)
Contributions made (premiums paid) outside of trust	(33,443)
Increase (Decrease) in net OPEB obligation	1,884
Net OPEB obligation – beginning of year	150,906
Net OPEB obligation – end of year	<u>\$ 152,790</u>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

*Annual OPEB Cost and Net OPEB Obligation, Continued*

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2012 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 156,417	4%	\$ 150,172
6/30/11	100,103	99%	150,906
6/30/12	108,183	98%	152,790

**Funded Status and Funding Progress.** The funded status of the Plan as of July 1, 2011, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 895,768
Actuarial value of Plan assets	<u>156,036</u>
Unfunded actuarial accrued liability (UAAL)	\$ 739,732
Funded ratio (actuarial value of Plan assets/AAL)	17.419%
Covered payroll (active Plan participants)	\$ 2,002,692
UAAL as a percentage of covered payroll	36.9%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

For the July 1, 2011, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.61% investment rate of return (net of administrative expenses) and a 3.25% general inflation assumption. Health care trends were assumed to increase with a medical cost increase rate of 7.6%, grading down to 5.5% for 2019 and thereafter. The total Unfunded Actuarial Accrued Liability calculated in the July 1, 2011, valuation was amortized as a level percentage of projected payroll over a 30-year period beginning fiscal year 2011.

**12. COMMITMENTS AND CONTINGENCIES**

The Town is a party to claims and lawsuits arising in the ordinary course of business. The Town's management and legal council are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the Town. The Town participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**13. JOINT POWERS AGREEMENT**

The town participates in the City/County Association of Governments of San Mateo County (C/CAG), which is governed by a board consisting of a representative from each member. The board controls the operations of C/CAG, including selection of management and approval of operating budgets, independent of any influence by each member beyond member representation of the Board.

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, San Mateo County and a majority of cities within San Mateo County for the purpose of developing State mandated plans such as an integrated waste management plan. The Town makes annual nonrefundable contributions to C/CAG which is used along with other member contributions to finance C/CAG operations. Audited financial statements may be obtained from the City of San Carlos, 666 Elm Street, San Carlos, CA, 94070. The Town's payments to C/CAG during the year totaled \$16,063. The Town's share of year-end assets, liabilities, or fund equity has not been calculated by C/CAG.

**14. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of this Statement did not have an effect on these financial statements.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2012**

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**14. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 61, “The Financial Reporting Entity: Omnibus.” The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The Council will implement this Statement in fiscal year 2012-13.

The GASB has issued Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.” The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The Council will implement this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions.” The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 65, “Item Previously Reported as Assets and Liabilities.” This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Council will implement this Statement in Fiscal year 2012-13.

**Town of Woodside, California**  
**Required Supplementary Information**  
**For the year ended June 30, 2012**

**Required Supplementary Information**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
n/a	n/a	n/a	n/a	n/a	n/a	n/a
7/01/09 <sup>1</sup>	\$0	\$861,144	\$ 861,144	0%	\$2,381,978	36.2%
7/01/11 <sup>2</sup>	0	567,294	567,294	0%	2,123,257	26.7%

<sup>1</sup> The 7/01/09 Actuarial Accrued Liability was calculated using a discount rate of 3.75%.

<sup>2</sup> The 7/01/11 Actuarial Accrued Liability was calculated using a discount rate of 7.75%.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NON-MAJOR GOVERNMENTAL FUNDS

<b>Fund Type</b>	<b>Description</b>
<b>Special Revenue Funds:</b>	
Traffic Safety	Accounts for receipts from fines and forfeitures from violations of the California Vehicle Code, utilized to support the Town's Road Program.
Road Impact Fees	Fund accounts for receipts from road impact fees, assessed against all building projects and used for road maintenance purposes.
Gas Tax	Fund accounts for receipts of State Gas Tax revenue, designated for road maintenance and construction.
Supplemental Law Enforcement Service	Fund accounts for receipts of State Revenues derived from the Citizens for Public Safety (COPS) Program that can only be spent on direct law enforcement/ public safety activities.
California Law Enforcement Equipment Program	Fund accounts for State of California grant funds available for law enforcement equipment acquisitions.

**Town of Woodside, California**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2012**

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ 42,851	\$ 16,091	\$ 139,090
Receivables:			
Accounts	3,766	-	-
Interest	24	25	159
Intergovernmental	-	-	13,956
<b>Total assets</b>	<u>\$ 46,641</u>	<u>\$ 16,116</u>	<u>\$ 153,205</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,669	\$ 1,008	\$ -
<b>Total liabilities</b>	<u>5,669</u>	<u>1,008</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted:	40,972	15,108	153,205
<b>Total fund balances</b>	<u>40,972</u>	<u>15,108</u>	<u>153,205</u>
<b>Total liabilities and fund balances</b>	<u>\$ 46,641</u>	<u>\$ 16,116</u>	<u>\$ 153,205</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ 2,953	\$ 10,212	\$ 211,197
-	-	3,766
(89)	-	119
-	-	13,956
<u>\$ 2,864</u>	<u>\$ 10,212</u>	<u>\$ 229,038</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,677</u>
<u>-</u>	<u>-</u>	<u>6,677</u>
<u>2,864</u>	<u>10,212</u>	<u>222,361</u>
<u>2,864</u>	<u>10,212</u>	<u>222,361</u>
<u>\$ 2,864</u>	<u>\$ 10,212</u>	<u>\$ 229,038</u>

**Town of Woodside, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2012**

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ -	\$ 168,895
Fines and forfeitures	28,118	-	-
Intergovernmental	-	-	-
Use of money and property	120	249	650
Charges for services	-	209,363	-
<b>Total revenues</b>	<b>28,238</b>	<b>209,612</b>	<b>169,545</b>
<b>EXPENDITURES:</b>			
Current:			
Safety Services	-	-	-
Public Works	25,332	205,028	179,589
<b>Total expenditures</b>	<b>25,332</b>	<b>205,028</b>	<b>179,589</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,906</b>	<b>4,584</b>	<b>(10,044)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers out	-	(103,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(103,000)</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>2,906</b>	<b>(98,416)</b>	<b>(10,044)</b>
<b>FUND BALANCES:</b>			
Beginning of year	38,066	113,524	163,249
End of year	<u>\$ 40,972</u>	<u>\$ 15,108</u>	<u>\$ 153,205</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 168,895
-	-	28,118
109,352	-	109,352
-	-	1,019
-	-	209,363
<u>109,352</u>	<u>-</u>	<u>516,747</u>
100,000	-	100,000
-	-	409,949
<u>100,000</u>	<u>-</u>	<u>509,949</u>
<u>9,352</u>	<u>-</u>	<u>6,798</u>
-	-	(103,000)
-	-	(103,000)
9,352	-	(96,202)
(6,488)	10,212	318,563
<u>\$ 2,864</u>	<u>\$ 10,212</u>	<u>\$ 222,361</u>

**Town of Woodside, California**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**  
**Traffic Safety Special Revenue Fund**  
**For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 28,118	\$ (1,882)
Use of money and property	200	200	120	(80)
Other agencies	2,000	2,000	-	(2,000)
<b>Total revenues</b>	<b>32,200</b>	<b>32,200</b>	<b>28,238</b>	<b>(3,962)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	27,700	27,700	25,332	2,368
<b>Total expenditures</b>	<b>27,700</b>	<b>27,700</b>	<b>25,332</b>	<b>2,368</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,500</b>	<b>4,500</b>	<b>2,906</b>	<b>(1,594)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Total other financing sources (uses)	-	-	-	-
<b>Net change in fund balances</b>	<b>4,500</b>	<b>4,500</b>	<b>2,906</b>	<b>(1,594)</b>
<b>FUND BALANCES:</b>				
Beginning of year	38,066	38,066	38,066	-
End of year	\$ 42,566	\$ 42,566	\$ 40,972	\$ (1,594)

**Town of Woodside, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Road Impact Fees Special Revenue Fund**

**For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 249	\$ (1,251)
Charges for services	275,000	275,000	209,363	(65,637)
<b>Total revenues</b>	<u>276,500</u>	<u>276,500</u>	<u>209,612</u>	<u>(66,888)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	230,489	230,489	205,028	25,461
<b>Total expenditures</b>	<u>230,489</u>	<u>230,489</u>	<u>205,028</u>	<u>25,461</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>46,011</u>	<u>46,011</u>	<u>4,584</u>	<u>(41,427)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(103,000)	(103,000)	(103,000)	-
<b>Total other financing sources (uses)</b>	<u>(103,000)</u>	<u>(103,000)</u>	<u>(103,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	(56,989)	(56,989)	(98,416)	(41,427)
<b>FUND BALANCES:</b>				
Beginning of year	113,524	113,524	113,524	-
End of year	<u>\$ 56,535</u>	<u>\$ 56,535</u>	<u>\$ 15,108</u>	<u>\$ (41,427)</u>

**Town of Woodside, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Gas Tax Special Revenue Fund**

**For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 111,700	\$ 111,700	\$ 168,895	\$ 57,195
Use of money and property	-	-	650	650
<b>Total revenues</b>	<u>111,700</u>	<u>111,700</u>	<u>169,545</u>	<u>57,845</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>130,051</u>	<u>180,051</u>	<u>179,589</u>	<u>462</u>
<b>Total expenditures</b>	<u>130,051</u>	<u>180,051</u>	<u>179,589</u>	<u>462</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>(18,351)</u>	<u>(68,351)</u>	<u>(10,044)</u>	<u>58,307</u>
<b>Net change in fund balances</b>	<u>(18,351)</u>	<u>(68,351)</u>	<u>(10,044)</u>	<u>58,307</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>163,249</u>	<u>163,249</u>	<u>163,249</u>	<u>-</u>
End of year	<u>\$ 144,898</u>	<u>\$ 94,898</u>	<u>\$ 153,205</u>	<u>\$ 58,307</u>

**Town of Woodside, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**Supplemental Law Enforcement Services Special Revenue Fund**

**For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 100,000	\$ 109,352	\$ 9,352
<b>Total revenues</b>	<u>-</u>	<u>100,000</u>	<u>109,352</u>	<u>9,352</u>
<b>EXPENDITURES:</b>				
Current:				
Safety services	-	100,000	100,000	-
<b>Total expenditures</b>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>9,352</u>	<u>9,352</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>9,352</u>	<u>9,352</u>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	(6,488)	(6,488)
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,864</u>	<u>\$ 2,864</u>

**Town of Woodside, California**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual**

**California Law Enforcement Equipment Program Special Revenue Fund**

**For the year ended June 30, 2012**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Safety services	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
<b>FUND BALANCES:</b>				
Beginning of year	-	-	10,212	10,212
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,212</u>	<u>\$ 10,212</u>

<b>AGENCY FUNDS</b>
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Agency Funds account for assets held by the Town as an agent for individuals, other governments and non-public organizations.

<b>Fund</b>	<b>Description</b>
1999 Woodside Road/Whiskey Hill Road Parking District	This fund accounts for the payment of principal, interest, and administrative costs associated with the 1999 issuance of limited obligation improvement bonds for the construction of parking assessment district in Town Center, supported by special assessments against properties within the district.
Trail Gifts and Donations Fund	This fund accounts for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.
Mathiesen House	This fund accounts for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.
Marva Oaks	This fund accounts for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.
Town Hall Window Fund	This fund accounts for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.
Barkley Reserve Deposit Fund	This fund accounts for assets held by the Town as an agent for individuals, private organizations, other governmental units, and/or other funds.

**Town of Woodside, California**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2012**

	1999 Woodside Road/ Whiskey Hill Road Parking District	Trail Gifts and Donations Fund	Mathiesen House	Marva Oaks
<b>ASSETS</b>				
Cash and investments	\$ 112,930	\$ 53,277	\$ 8,690	\$ 20,732
Receivables:				
Interest	59	43	6	17
Special assessments	680,000	-	-	-
<b>Total assets</b>	<b>\$ 792,989</b>	<b>\$ 53,320</b>	<b>\$ 8,696</b>	<b>\$ 20,749</b>
<b>LIABILITIES</b>				
Deferred revenue	\$ 680,000	\$ -	\$ -	\$ -
Due to others	112,989	53,320	8,696	20,749
<b>Total liabilities</b>	<b>\$ 792,989</b>	<b>\$ 53,320</b>	<b>\$ 8,696</b>	<b>\$ 20,749</b>

Town Hall Window Fund	Barkley Reserve Deposit Fund	Totals
\$ 5,980	\$ 231,982	\$ 433,591
5	393	523
-	-	680,000
<u>\$ 5,985</u>	<u>\$ 232,375</u>	<u>\$ 1,114,114</u>
\$ -	\$ -	\$ 680,000
<u>5,985</u>	<u>232,375</u>	<u>434,114</u>
<u>\$ 5,985</u>	<u>\$ 232,375</u>	<u>\$ 1,114,114</u>

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2012**

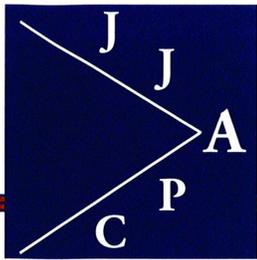
	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<hr/> <b>1999 Woodside Road/Whiskey Hill Road Parking District</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 113,765	\$ 112,930	\$ (113,765)	\$ 112,930
Receivables:				
Interest	99	59	(99)	59
Special assessments	-	680,000	-	680,000
<b>Total assets</b>	<u>\$ 113,864</u>	<u>\$ 792,989</u>	<u>\$ (113,864)</u>	<u>\$ 792,989</u>
<b>LIABILITIES</b>				
Deferred revenue	\$ -	\$ 680,000	\$ -	\$ 680,000
Due to others	113,864	112,989	(113,864)	112,989
<b>Total liabilities</b>	<u>\$ 113,864</u>	<u>\$ 792,989</u>	<u>\$ (113,864)</u>	<u>\$ 792,989</u>
<hr/> <b>Trails Gifts and Donations Funds</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 41,492	\$ 11,785	\$ -	\$ 53,277
Receivables:				
Interest	47	43	(47)	43
<b>Total assets</b>	<u>\$ 41,539</u>	<u>\$ 11,828</u>	<u>\$ (47)</u>	<u>\$ 53,320</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 41,539	\$ 11,828	\$ (47)	\$ 53,320
<b>Total liabilities</b>	<u>\$ 41,539</u>	<u>\$ 11,828</u>	<u>\$ (47)</u>	<u>\$ 53,320</u>
<hr/> <b>Mathisen House</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 7,417	\$ 1,273	\$ -	\$ 8,690
Receivables:				
Interest	9	6	(9)	6
<b>Total assets</b>	<u>\$ 7,426</u>	<u>\$ 1,279</u>	<u>\$ (9)</u>	<u>\$ 8,696</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 7,426	\$ 1,279	\$ (9)	\$ 8,696
<b>Total liabilities</b>	<u>\$ 7,426</u>	<u>\$ 1,279</u>	<u>\$ (9)</u>	<u>\$ 8,696</u>

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>Marva Oaks</b>				
<b>ASSETS</b>				
Cash and investments	\$ 20,651	\$ 81	\$ -	\$ 20,732
Receivables:				
Interest	24	17	(24)	17
<b>Total assets</b>	<u>\$ 20,675</u>	<u>\$ 98</u>	<u>\$ (24)</u>	<u>\$ 20,749</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 20,675	\$ 98	\$ (24)	\$ 20,749
<b>Total liabilities</b>	<u>\$ 20,675</u>	<u>\$ 98</u>	<u>\$ (24)</u>	<u>\$ 20,749</u>
<b>Town Hall Window Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 5,956	\$ 24	\$ -	\$ 5,980
Receivables:				
Interest	7	5	(7)	5
<b>Total assets</b>	<u>\$ 5,963</u>	<u>\$ 29</u>	<u>\$ (7)</u>	<u>\$ 5,985</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 5,963	\$ 29	\$ (7)	\$ 5,985
<b>Total liabilities</b>	<u>\$ 5,963</u>	<u>\$ 29</u>	<u>\$ (7)</u>	<u>\$ 5,985</u>
<b>Barkley Reserve Deposit Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 231,069	\$ 913	\$ -	\$ 231,982
Receivables:				
Interest	465	393	(465)	393
<b>Total assets</b>	<u>\$ 231,534</u>	<u>\$ 1,306</u>	<u>\$ (465)</u>	<u>\$ 232,375</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 231,534	\$ 1,306	\$ (465)	\$ 232,375
<b>Total liabilities</b>	<u>\$ 231,534</u>	<u>\$ 1,306</u>	<u>\$ (465)</u>	<u>\$ 232,375</u>

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2012**

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>TOTAL OF ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 420,350	\$ 127,006	\$ (113,765)	\$ 433,591
Receivables:				
Interest	651	523	(651)	523
Special assessments	-	680,000	-	680,000
<b>Total assets</b>	<u>\$ 421,001</u>	<u>\$ 807,529</u>	<u>\$ (114,416)</u>	<u>\$ 1,114,114</u>
<b>LIABILITIES</b>				
Deferred revenue	\$ -	\$ 680,000	\$ -	\$ 680,000
Due to (from) others	421,001	127,529	(114,416)	434,114
<b>Total liabilities</b>	<u>\$ 421,001</u>	<u>\$ 807,529</u>	<u>\$ (114,416)</u>	<u>\$ 1,114,114</u>



JJACPA, Inc.

A Professional Accounting Services Corp.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING  
STANDARDS**

To the Honorable Mayor and Town Council  
of the Town of Woodside  
Woodside, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2012, and have issued our report thereon dated March 29, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

March 29, 2013

*JJACPA, Inc.*  
**JJACPA, Inc.**