

**TOWN OF WOODSIDE**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2007**

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**TOWN OF WOODSIDE**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2007**

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**TOWN OF WOODSIDE**  
**Basic Financial Statements**  
**For the Year Ended June 30, 2007**

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INDEPENDENT AUDITOR'S REPORT  
ON BASIC FINANCIAL STATEMENTS

To the Honorable Mayor and Members of the Town Council  
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, as of and for the year ended June 30, 2007, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 opinion.

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 of Woodside, California, as of June 30, 2007 and the respective changes in the financial position and cash flows, where applicable, thereof and Budget and Actual statements for the General Fund and each major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the budgetary comparison for the General Fund and Measure A Special Revenue Fund are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Maze & Associates*

August 16, 2007

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## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2007

This is the fourth fiscal year that the Town of Woodside has issued its financial statements in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB 34) and successor statements, as outlined in Note 2B to the Basic Financial Statements. GASB 34 was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make their decisions, including members of the Town Council, members of oversight bodies (such as the Town's Audit Committee), investors, creditors, and the public in general. GASB 34 introduced many changes to the look and content of annual financial reports. One important requirement is that financial managers provide *Management's Discussion and Analysis* (MD&A), which is designed to provide readers an objective and easily readable analysis of the governmental unit's financial performance for the reported year. This MD&A should be read in conjunction with the *Basic Financial Statements* and the accompanying notes to the Basic Financial Statements. The Basic Financial Statements include the *Government-wide Statements* and the *Fund Financial Statements*, along with the accompanying Notes.

### **Reporting the Town as a Whole: Government-wide Statements**

The Government-wide Statements present the financial position of the Town with a longer-term view of the Town's activities as a whole, and consist of the *Statement of Net Assets* and the *Statement of Activities*. The Statement of Net Assets presents all information about the Town's assets and liabilities, both current and long-term, on the full accrual basis of accounting, which is similar to the accounting used by most private sector businesses. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred. Highlighting net assets, or the difference between assets and liabilities, is one way to measure the Town's financial health and position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. The Town has chosen, within the parameters of GASB 34, not to retrospectively include the historic costs and accumulated depreciation of infrastructure in place, including but not limited to the Town's roadway system.

The Statement of Activities provides information about all of the Town's revenues and expenses, also on the full accrual basis, and emphasizes the measurement of the net revenues or expenses of each of the Town's functional or program areas. It also incorporates changes in Net Assets for the year. In accordance with GASB 34, certain eliminations have been made related to interfund activity, payables, and receivables.

Both the Statement of Net Assets and the Statement of Activities separately present information about the Town's *governmental activities* and its *business-type activities*. Most of the Town's basic services fall into the category of governmental activities, including administration, finance, public works, planning and building, trails, recreation, contractual police services, and library services. Sales, utility and property taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities. Business-type activities are those for which the Town charges a fee to customers to pay for the full cost of certain services provided. The Town's only business-type activities involve the provision of public sewer service.

## ***Reporting the Town's Major Funds: Fund Financial Statements***

The Fund Financial Statements include *governmental, proprietary* and *fiduciary* funds and report the Town's operations in more detail and with a shorter-term focus than the Government-wide Statements. A reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

The Fund Financial Statements provide detailed information about the Town's most significant funds, called ***Major Funds***. The concept of Major Funds and the determination of which funds are Major Funds were established by GASB 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, and all of the Non-major Funds are combined in a single column. Major Funds present the major activities of the Town for the year. The General Fund is always a Major Fund, but other funds designated as Major Funds may change from year-to-year, based upon their specific pattern of activities. The Major Funds reported for 2006-07 are the General Fund, the Library Fund, and the Barkley Fields and Park Construction Fund, which are all governmental funds, and the Sewer Service Enterprise Funds, which are proprietary funds.

### ***Governmental Funds***

Most of the Town's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period (by June 30<sup>th</sup>) or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

### ***Proprietary Funds***

When the Town charges customers for services, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The Town's proprietary funds (e.g. the Sewer Service Enterprise Funds) are the same as the business-type activities reported in the Government-Wide Financial Statements, but the fund financial statements for the proprietary funds provide more detail and additional information, such as cash flows for each of the enterprise funds.

### ***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.

## Financial Analysis: Government-wide Statements

As has been previously explained, the government-wide statements report Governmental and Business-type Activities separately in the Statement of Net Assets and the Statement of Activities. The analysis of these government-wide statements will accordingly look at the two types of activities separately.

**Governmental Activities** consist of most of the programs and functions of the Town. As of June 30, 2007, the net assets of the Town's Governmental Activities totaled \$20.4 million, as is highlighted in the following chart.

### Statement of Assets: Governmental Activities Net Assets at June 30, 2007

	2006-07	2005-06	Inc./ (Dec.)
Cash & Investments	\$ 7,053,676	\$ 8,145,674	\$ (1,091,998)
Other Assets	1,392,976	194,576	1,198,400
Capital Assets	14,252,037	11,944,540	2,307,497
<b>Total Assets</b>	<b>\$ 22,698,689</b>	<b>\$ 20,284,790</b>	<b>\$ 2,413,899</b>
Accounts Payable & Accrued Liabilities	339,511	896,140	(556,629)
Compensated Absences	392,757	332,786	59,971
Deferred Revenue	1,584,511	1,542,763	41,748
Certificates of Participation	-	1,846,531	(1,846,531)
<b>Total Liabilities</b>	<b>\$ 2,316,779</b>	<b>\$ 4,618,220</b>	<b>\$ (2,301,441)</b>
<b>Net Assets:</b>			
Invested in capital assets, net of debt	14,252,037	10,098,009	4,154,028
Restricted	2,383,906	2,018,188	365,718
Unrestricted	3,745,967	3,550,373	195,594
<b>Net Total Assets</b>	<b>\$ 20,381,910</b>	<b>\$ 15,666,570</b>	<b>\$ 4,715,340</b>

The total net assets for the Town's Governmental Activities increased by \$4.7 million in 2006-07. This increase is attributable to several factors:

- ✓ "Net Assets Invested in Capital Assets, Net of Debt" increased by almost \$4.2 million. This reflects the net of activity involving the addition, retirement, and depreciation of capital assets and changes in the level of debt issued for capital asset acquisition. Note 5 to the Basic Financial Statements includes a summary of the activity that impacted capital assets during 2006-07, which includes:

Construction in Progress - Barkley Fields and Park	2,365,355
Net Additions to Equipment	15,954
Subtotal	\$ 2,381,309
Less: Net Additions to Accumulated Depreciation	(73,812)
<b>Net Additions to Capital Assets</b>	<b>\$ 2,307,497</b>

The Town reduced its Certificates of Participation debt by \$1,846,531 during 2006-07, thereby totally eliminating all General Fund debt. This reduction in outstanding principal increases the total net assets and when combined with the aforementioned increase in capital assets of \$2,307,497, results in the positive change in Net Assets Invested in Capital Assets, Net of Debt of \$4,154,028.

- ✓ The remaining increase in net assets of \$561,312 is reflective of the cumulative impact of a \$1,091,998 decrease in cash and investments, an increase of \$1,198,400 in other assets, a decrease of \$556,629 in accounts payable and accrued liabilities, and an increase of \$101,719 in deferred revenues and compensated absences. The most notable factors leading to this net increase include:

- ☑ The General Fund experienced a significant decrease in cash and investments during 2006-07, with \$4.7 million on hand at June 30, 2007, as compared with \$6.1 million at June 30, 2006. This \$1.4 million decrease reflects several offsetting events. The Town decided to fully repay all General Fund debt in August of 2006. The total of the principal, accrued interest, and prepayment penalties was \$1.915 million. The Town also contributed just under \$1.1 million to the Barkley Fields and Park Construction Fund during the fiscal year as the Town's share of the project cost. Offsetting this major drawdown of cash was the receipt of about \$1.2 million in November of 2006 from the County of San Mateo. The \$1.2 million payment was made pursuant to the terms of a Settlement Agreement between the County and four San Mateo County cities. It represented property taxes due the Town for the 2001-02 and 2002-03 fiscal years in accordance with the Tax Equity Allocation (TEA) provisions of the State of California's Revenue and Taxation Code. The TEA provisions, which were enacted in the late 1980's, guarantee cities in the State at least seven percent of the property tax revenues generated within their municipal boundaries. Up until 2005-06, the Town had been receiving about five percent of these revenues. The County's longstanding practice of underallocating property taxes to the four cities came to light late in 2005 and led to additional allocations of revenues to the cities for the 2003-04, 2004-05, and 2005-06 fiscal years. The cities negotiated an additional two years' of prior year revenues from the County, allowing all parties to avoid costly litigation. This major one-time prior year revenue receipt, coupled with strong receipt patterns for other major General Fund revenue sources, helped to limit the net outflow of cash to about \$1.4 million. A discussion of other General Fund revenue is included later in this MD&A.
- ☑ The Town's Library Fund, which is included within the category of Governmental Activities, saw a \$335,000, or 47.4% increase in cash and investments from June 30, 2006 to June 30, 2007. 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 many of the cities within San Mateo County and the County itself. The County provides the actual direct library services and pays for them from property taxes raised specifically for library purposes within each jurisdiction that hosts a County branch library. The "hosting" jurisdiction owns the building and grounds that support the library function and pays for day-to-day and long-term upkeep and improvement. Pursuant to the terms of the JPA, if more property taxes are raised within a jurisdiction than are needed to provide the direct library services, then the County is to remit the balance of the property taxes to the host jurisdiction, which can use the funds only for library purposes. Unless a major improvement project is undertaken, the Town generally pays about \$50,000 for routine maintenance. During 2006-07, no major projects were undertaken and the Town received about \$385,000 in property taxes and interest income for the Library Fund. The Town is planning several improvement projects for the library within the next year and the fund's healthy cash balances will be utilized to support these undertakings.

- ☑ Two funds account for the significant increase of \$1,198,400 in "Other Assets." At June 30, 2007, the General Fund had an accounts receivable balance of \$421,919, as compared with \$168,392 at June 30, 2006. This difference is explained by a \$259,000 receivable booked at June 20, 2007, in anticipation of the receipt of the last allocation of property tax revenues due the Town pursuant to the Tax Equity Allocation (TEA) regulations. The County had paid the Town its full due by June 30<sup>th</sup> in the prior year, negating the need to accrue revenue from this source at June 30, 2006. A second fund, the Barkley Fields and Park Construction Fund, incurred a large receivable at June 30, 2007, as well. An invoice for \$910,854 had been sent to the Woodside Community Foundation in early July to secure the payment of that amount of funding from private donations that were made to support the construction of the park. The invoice was paid on July 20<sup>th</sup>. The fund had no accounts receivable at June 30, 2006, as construction had just begun.
- ☑ The Town's remaining Special Revenue and Capital Project funds contributed a combined increase in net assets of \$26,414 for the Town's remaining six Special Revenue funds, which include:

Fund	Net Change
Traffic Safety	\$ 8,958
Gas Tax	40,276
Measure A	(134,043)
Law Enforcement Equipment (CLEEP)	(894)
Supplemental Law Enforcement (COPS)	311
Road Impact Fee	111,806
<b>Total</b>	<b>\$ 26,414</b>

Although none of these changes in net assets are material, it is worth noting that the decrease in the Measure A fund reflects the expenditure of a part of the available fund balances on major road rehabilitation projects during the year.

- ☑ The roughly \$557,000 decrease in Accounts Payable and Accrued Liabilities reflects the net impact of a \$275,196 increase in accounts payable and the full elimination of an accrued liability of \$831,825, booked at June 30, 2006. The accrued liability is of special note, as it represented the amount by which the Town exceeded its Appropriations Limit, pursuant to California State Constitution Article XIII B, during 2005-06. This was the first time that the Town exceeded this limit, which was mandated in 1979 by voter-approved Proposition 4, also known as the Gann Limit. The Appropriations Limit is adopted each year by the Town Council, using approved adjustment factors to the prior year's limit. The original limit was based upon the Town's proceeds of taxes in the base year of 1978-79. Article XIII B requires the Town to determine its proceeds of taxes each year and compare the total to the adopted Appropriations Limit. If the total proceeds of taxes are less than the limit, then the Town is in compliance. If the total exceeds the limit, then one of three possible actions must be taken to come into compliance: (1) the Town Council may request a majority of the voters to approve an override to temporarily increase the Appropriations Limit for a period not to exceed four years; (2) the Town may return the amount of excess proceeds of taxes to the taxpayers either through lower tax rates or lower user fees; or (3) the Town may carryover the excess into the next fiscal year as long as it will be below the Appropriations Limit by an amount equal to or greater than the excess amount experienced in the year under review. The Town chose to use the carryover method into the 2006-07 fiscal year

and was able to stay below the Appropriations Limit by an amount in excess of the \$831,825. This enabled the Town to fully remove this liability from the balance sheet. The increase in accounts payable is almost entirely attributable to the Barkley Fields and Park Construction project, which had accounts payable of about \$241,400 at June 30, 2007, as compared with about \$4,000 at June 30, 2006.

- ☑ Two other liabilities, Deferred Revenues and Compensated Absences, were increased during 2005-06 by a total of \$101,719. The Town books a liability for the value of personal leave and other accumulated paid time off balances that has been accrued by Town employees. Each year the balance is adjusted to reflect current pay rates and changes in individual employees' balances. An increase of \$59,971 is reflected at June 30, 2007. The Town collects deposits from individuals and businesses that undertake development projects in the Town. These deposits are charged when the Town requires consultants to be involved in the development review process. Until the charges are made, the deposit funds are treated as deferred revenue. This liability increased by \$41,748 at June 30, 2007.

During 2006-07, the Town's Governmental Activities were supported by about \$15.2 million in program and general revenues, derived from many sources, as is summarized in the next chart.

**Statement of Activities: Governmental Activities  
2006-07 Revenues by Source**

Source	\$	% of Total
<b>Program Revenues:</b>		
Charges for services	\$ 1,270,413	11.9%
Operating grants & contributions	1,226,599	11.5%
<b>Total Program Revenues</b>	<b>\$ 2,497,012</b>	<b>23.3%</b>
<b>General Revenues:</b>		
Property tax	4,326,315	40.4%
Sales tax	366,968	3.4%
Property transfer tax	151,156	1.4%
Franchises	308,909	2.9%
Business licenses	134,740	1.3%
Interest	332,517	3.1%
Other agencies	610,164	5.7%
Other income	1,907,639	17.8%
<b>Transfers</b>	<b>76,535</b>	<b>0.7%</b>
<b>Total General Revenues &amp; Transfers</b>	<b>\$ 8,214,943</b>	<b>76.7%</b>
<b>Total Revenues</b>	<b>\$ 10,711,955</b>	<b>100.0%</b>

The "Transfers" category reflects the transfer of \$76,535 in cash from the Proprietary Funds (business-type activities) to the Governmental Funds (governmental activities) to cover administrative overhead charges to the Proprietary Funds, in keeping with the Town Council's Financial Management Policies.

The programs reported as Governmental Activities include all the basic areas of Town government, such as administration, planning, public works, safety services, library services, building and grounds, trails maintenance, recreation, town-wide overhead, and general debt service. Because changes in net assets are incorporated into the Statement of Activities, the expenses reported in this statement include such things as annual depreciation of capital

assets and increases in the balance of compensated absences, and exclude the principal payment component of debt service and funds expended on capital outlays. For example, in the Fund Financial Statements for the Governmental Funds, the Administration and Finance Program reflects an expenditure of \$923,625 for 2006-07. This same program reflects total expenses of \$931,438 in the next chart, which is taken from the Statement of Activities. The \$7,813 difference is annual depreciation expense of \$3,537 and an increase in compensated absence balances of \$4,276. These items, treated in the Fund Financial Statements as adjustments to balance sheet accounts, are incorporated into the total activity for this program area in the Statement of Activities. A full reconciliation of these statements is included in the Basic Financial Statements. A discussion of program expenditures for the year is included later in this MD&A.

**Statement of Activities: Governmental Activities  
2006-07 Expenses by Program**

Program	Total Expense	% of Total
Town Council	\$ 18,684	0.3%
Administration & Finance	931,438	15.5%
Planning & Building Regulation	1,447,300	24.1%
Buildings & Grounds	173,183	2.9%
Town-wide Overhead	386,449	6.4%
Safety Services	1,071,337	17.9%
Trails & Stables	97,318	1.6%
Library Services	40,488	0.7%
Public Works	1,676,282	28.0%
Recreation & Open Space	85,335	1.4%
Interest & Fiscal Charges	68,801	1.1%
<b>Total</b>	<b>\$ 5,996,615</b>	<b>100.0%</b>

The positive change in net assets from 2005-06 to 2006-07 of \$4,715,340 reported and discussed earlier, is equal to the difference between the total revenues of \$10,711,955 and total expenses of \$5,996,615 that are reflected in the Statement of Activities for Governmental Activities.

**Business-type Activities** for the Town are limited to its Sewer Service Enterprise Funds.

**Statement of Assets: Business-type Activities  
Net Assets at June 30, 2007**

Cash & Investments	\$ 958,814
Other Assets	96,507
Capital Assets	1,263,662
<b>Total Assets</b>	<b>\$ 2,318,983</b>
Accounts Payable	\$ 1,795
Deferred Revenue	81,852
<b>Total Liabilities</b>	<b>\$ 83,647</b>
<b>Net Assets:</b>	
Invested in capital assets, net of debt	1,261,579
Unrestricted	973,757
<b>Net Total Assets</b>	<b>\$ 2,235,336</b>

As is reported in the Statement of Activities, the change in net assets for the Town's Business-type Activities as of June 30, 2007, was a decrease of \$461. The following table outlines the components of this decrease.

<b>Business-type Activities</b>	
<b>2006-07 Change in Net Fixed Assets</b>	
<b>Expenses</b>	\$ 284,031
<b>Program Revenues:</b>	
Charges for services	313,397
Capital Grants & Contributions	-
<b>Net Revenue (Expense)</b>	<b>\$ 29,366</b>
<b>General Revenues:</b>	
Interest	\$ 46,708
Transfers	(76,535)
<b>Total General Revenue</b>	<b>(29,827)</b>
<b>Change in Net Assets</b>	<b>\$ (461)</b>
<b>Net Assets - July 1, 2006</b>	<b>2,235,797</b>
<b>Net Assets - June 30, 2007</b>	<b>\$ 2,235,336</b>

The "Transfers" of \$76,535 is the aforementioned overhead cost reimbursement to the Town's General Fund.

# FUND FINANCIAL STATEMENTS

## Performance of Governmental Funds

The Net Assets of the Town's Governmental Funds at June 30, 2007, were about \$20.4 million, which is the total of ending fund balances, plus capital assets, and less long-term debt. The following chart provides an overview of these Net Assets.

Governmental Funds	Total Assets	Total Liabilities	Fund Balance/ Net Assets
General Fund	\$ 5,408,900	\$ 1,675,062	\$ 3,733,838
Library Operations Fund	\$ 1,053,718	\$ 700	\$ 1,053,018
Barkley Fields & Park Construction Fund	910,854	505,968	404,886
Other Governmental Funds	1,337,741	6,853	1,330,888
<b>Subtotal</b>	<b>\$ 8,711,213</b>	<b>\$ 2,188,583</b>	<b>\$ 6,522,630</b>
Capital Assets			14,252,037
Long-term Debt & Non-current Portion of Compensated Absences			(392,757)
<b>Total Net Assets</b>			<b>\$ 20,381,910</b>

The combined fund balances of \$6,522,630 from the various Governmental Funds comprise about 32% of Total Net Assets at June 30, 2007. These fund balances increased by \$621,283, or 10.5%, during 2006-07. The following summary of the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds illustrates the details of this net increase.

### Governmental Funds Net Change in Fund Balances at June 30, 2007

Governmental Funds	Total Revenues	Total Expenditures	Excess/(Def.) of Revenues	Other Financing Sources/(Uses)	Net Change in Fund Balance
General	\$ 7,351,979	\$ 6,332,620	\$ 1,019,359	\$ (1,310,680)	\$ (291,321)
Library Operations Fund	385,577	40,488	345,089	(5,785)	339,304
Barkley Fields & Park Construction Fund	1,877,287	2,365,401	(488,114)	1,035,000	546,886
Other Governmental Funds	1,020,577	1,352,163	(331,586)	358,000	26,414
<b>Subtotal</b>	<b>\$ 10,635,420</b>	<b>\$ 10,090,672</b>	<b>\$ 544,748</b>	<b>\$ 76,535</b>	<b>\$ 621,283</b>
Beginning Fund Balances					5,901,347
<b>Ending Fund Balances</b>					<b>\$ 6,522,630</b>

The following discussion provides a focused analysis of the performance of the Town's Governmental Funds by examining the three Major Funds.

#### ▣ General Fund

The General Fund accounts for financial resources traditionally associated with government activities that are not legally required to be accounted for in another fund. The General Fund ended the 2006-07 fiscal year with a fund balance of \$3,733,838, not quite \$300,000 less than the \$4 million on hand at June 30, 2006. This decrease resulted from the

net impact of the fund's financial performance for the fiscal year, as summarized in the following chart.

### 2006-07 General Fund Performance

Revenues	\$ 7,351,979
Expenditures	6,332,620
<b>Excess of Revenues</b>	<b>\$ 1,019,359</b>
Other Financing Sources (Uses)	
Transfers In	224,320
Transfers Out	(1,535,000)
<b>Net Other Sources &amp; Special Item</b>	<b>\$ (1,310,680)</b>
Increase to Fund Balance	(291,321)
Beginning Fund Balance	4,025,159
<b>Ending Fund Balance</b>	<b>\$ 3,733,838</b>

The Town continued to experience solid revenue receipt patterns during 2006-07, with most categories of revenue performing at higher levels than in the previous year. The chart below illustrates that total revenues of \$7,351,979 were received in 2006-07, as compared with \$5,207,489 in 2005-06. This reflects a 41.2%, or \$2.1 million, increase.

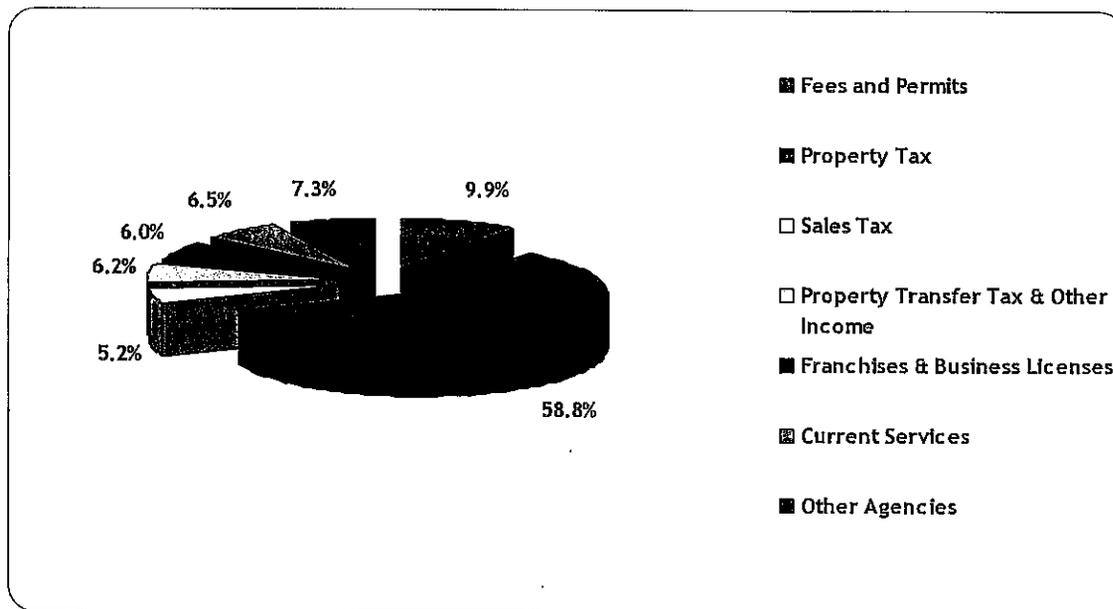
### Two-year Comparison of General Fund Revenues and Special Items

	2006-07	2005-06	Inc. (Dec.) \$	Inc. (Dec.) %
Property Taxes	\$ 4,326,315	\$ 2,394,717	\$ 1,931,598	80.7%
Sales Tax	384,254	336,096	48,158	14.3%
Property Transfer Tax	151,156	206,293	(55,137)	-26.7%
Franchises	308,909	274,578	34,331	12.5%
Business Licenses	134,740	120,359	14,381	11.9%
Fees & Permits	730,476	681,560	48,916	7.2%
Interest	246,883	156,552	90,331	57.7%
Other Agencies	535,769	544,673	(8,904)	-1.6%
Current Services	477,003	468,904	8,099	1.7%
Other Revenue	56,474	23,757	32,717	137.7%
<b>Total Revenues</b>	<b>\$ 7,351,979</b>	<b>\$ 5,207,489</b>	<b>\$ 2,144,490</b>	<b>41.2%</b>
Special Item - Contribution	-	1,973,798	(1,973,798)	--
<b>Total Revenues/Special Items</b>	<b>\$ 7,351,979</b>	<b>\$ 7,181,287</b>	<b>\$ 335,426</b>	<b>4.7%</b>

This, however, is a bit misleading. Both fiscal years were impacted by the Town's need to book an accrued liability of \$831,825 at June 30, 2006, because of the Town's previously discussed position vis-à-vis its Gann Appropriation Limit. At June 30, 2006, property tax revenues were decreased by \$831,825 as the offset to the accrued liability, making it a deferred revenue until such time as the Town could correct its Appropriation Limit problem. At June 30, 2007, the accrued liability was removed and the formally deferred property tax revenue of \$831,825 was recognized. This adjustment skews analysis of actual revenue patterns for both years. If both years are "corrected" to allow for closer analysis of actual revenue receipts, total revenues would be increased by \$831,825 and decreased by \$831,825 for 2005-06 and 2006-07, respectively. When this is done, a modified view of General Fund performance is possible. An actual growth rate of about 8%, or \$480,840, results. It should be noted that an unusual item is reflected for 2005-06, which involves the "Special Item -

Contribution” of \$1.974 million. This represented the Town’s share of the proceeds of the sale of the Mountain Home Road property in which the Town had a real property interest.

Nonetheless, the General Fund’s revenue performance for 2006-07 was strong, with baseline revenues performing at or above expectations. Additionally, the Town received a \$1.2 million payment from the County of San Mateo for prior year property taxes, owed by the County for 2001-02 and 2002-03, in settlement of potential litigation over the County’s property tax allocation methodology. The following chart provides a graphic depiction of the proportional contribution each revenue source made to the General Fund in 2006-07.

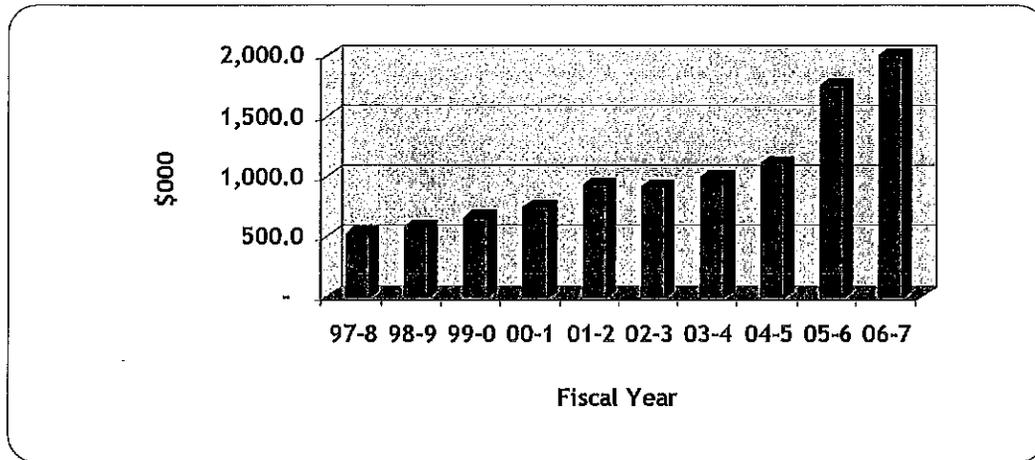


Several of the General Fund’s revenue sources deserve individual discussion:

- ☑ **Property Taxes** are usually the General Fund’s largest revenue source and in 2006-07, its significance grew with the receipt of \$4.3 million, an 80.7% increase from the prior year. As was previously discussed, the accrued liability of \$831,825 arising from the Town’s 2005-06 Appropriation Limit issue skews both years for analysis purposes. To properly compare the two years and to determine the actual growth rate for 2006-07 of this major revenue source, it is necessary to add \$831,825 to the 2005-06 total and subtract it from the 2006-07 total. This yields the aforementioned adjusted growth rate of about 8%.

The most useful analysis of property taxes, however, is derived by analyzing the change in the pattern of receipt of only current secured property taxes, which do not reflect one-time or prior year adjustments. In 2005-06, the Town received \$1,750,039 from this source. In 2006-07, the Town experienced a 14.1% increase in revenues from this source, for a total of \$1,996,045. This growth is attributable to the volume of property sales and building activity in Town, which lead to increased assessed valuation and higher real property taxes. The following chart shows how revenues from secured property taxes have grown over the last ten years, from about \$521,000 in 1997-98 to just under \$2 million in 2006-07. The chart reflects the Town’s receipt in 2005-06 and 2006-07 of the current portion of funds due the Town through the provisions of the Tax Equity Allocation regulations, which increased current secured property taxes by about \$500,000 a year.

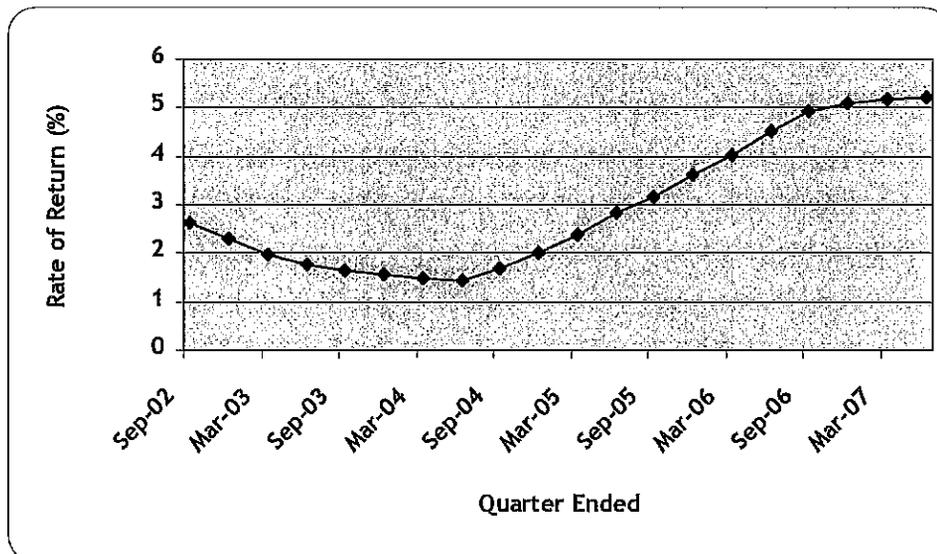
### Ten-year History of Secured Property Tax Receipts



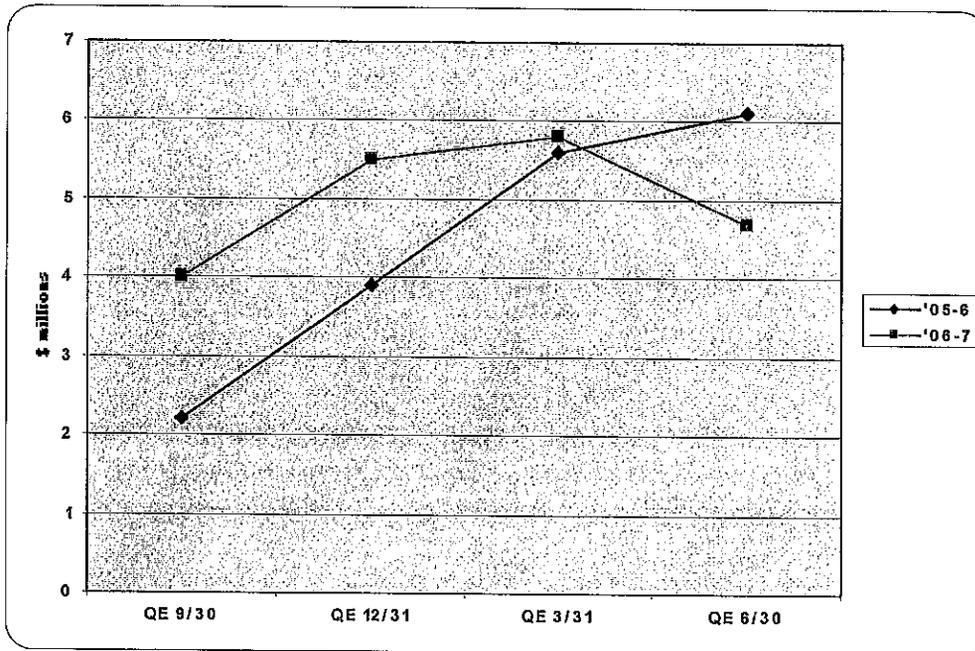
- Interest Income** grew by an extraordinary 57.7% over 2005-06 levels, from \$156,552 to \$246,883. One key factor leading to this increase was the steady rise in the rate of return on invested idle cash. The average rate of return in 2005-06 was 3.84%, as compared with 5.11% in 2006-07. The first of the two charts that follow provides a snapshot of the rate of return for each quarter during the last five fiscal years. This rate hit its lowest point in June of 2004, when the Town earned only 1.44% on its invested cash. The Town invests solely in the Local Agency Investment Fund (LAIF). The rate of return that the Town experiences is driven by the performance of the LAIF portfolio.

A second factor that impacts the Town's interest income is the amount of idle cash it has on hand to invest. The second of the two charts that follow compares idle General Fund cash for each quarter in 2006-07 as compared with 2005-06. Although the General Fund ended the 2006-07 fiscal year with less cash on hand than in the previous year, there was significantly more General Fund cash to invest in each of the other three quarters of 2006-07 than there was in 2005-06. These two factors together led to the significant increase in investment earnings for 2006-07.

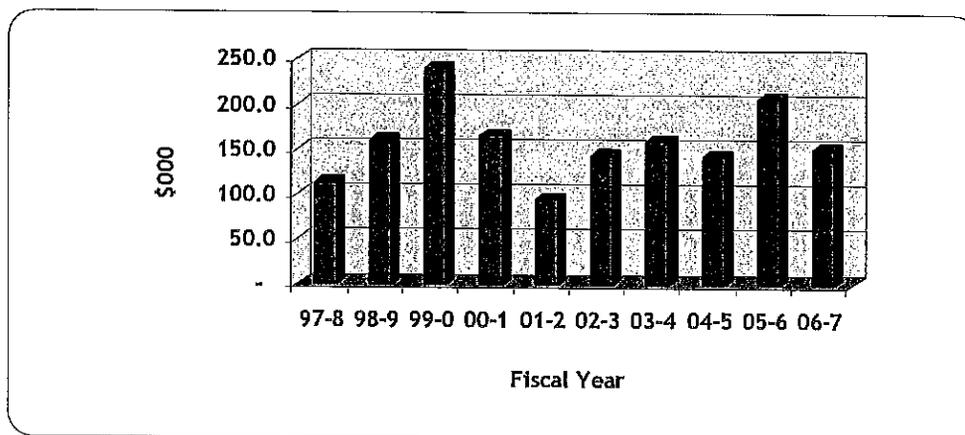
### Five-year History of Rate of Return on Invested Cash



### General Fund Cash: 2005-06 and 2006-07



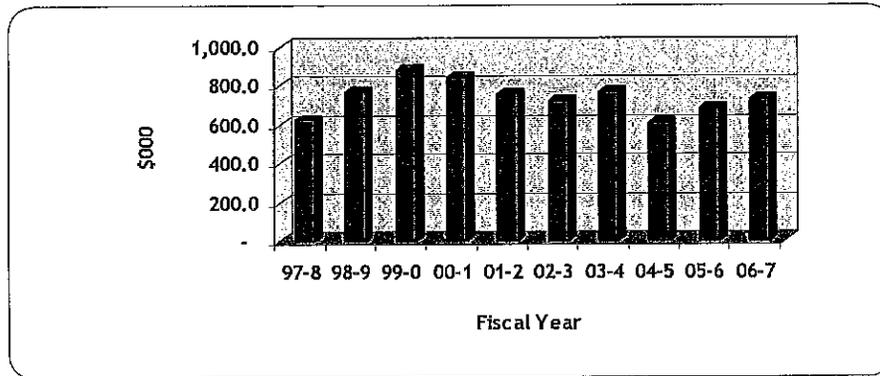
- Property Transfer Taxes** decreased from \$206,293 in 2005-06 to \$151,156 in 2006-07, a 26.7% decrease. This tax is assessed at the time that property is sold and is based upon the sales price of the real property. Receipt patterns are subject to the forces and whims of the real estate market. The following chart demonstrates the ups and downs of this revenue source for the last ten years.



Revenues have ranged from a low of about \$95,000 in 2001-02 to a high of just over \$239,000 in 1999-00. This is a source that is sensitive to the condition of the economy and which can fluctuate widely depending upon which properties in Town are bought and sold. The Town receives 65¢ for every \$1,000 of sales price valuation, or \$650 per \$1,000,000. This means that about \$317 million of property traded hands in 2005-06, while only \$232 million did so in 2006-07. Given Woodside's real estate market, it can take only the sale of a few additional properties to dramatically impact the performance of this revenue source.

- Fees and Permits** grew by \$48,916 in 2006-07, a 7.2% increase. As with Property Transfer Taxes, this source of funds is very sensitive to economic conditions and fluctuates from year-to-year in a fairly unpredictable manner. The following chart provides receipt history for the last ten years and demonstrates the ever-shifting pattern for this source, which is primarily comprised of fees for development-related activities.

Revenue from Fees and Permits



Fees and permit revenues are impacted by two factors: (1) the level of development activity and (2) the type of development activity. These factors must be considered together. For example, the level of activity may be very high, with several hundred permit applications submitted. If all of these applications are for new roofs or water heater replacements, revenues will not be very robust, as the value of such work is not very high. On the other hand, a couple dozen applications for new residences or for major additions to existing residences could cause revenues to skyrocket, as such projects are usually of very high value and permit fees are based upon valuation, as a rule. Thus, the level and nature of development activity tend to be cyclical and notable variations between years are common.

- Sales Tax** revenues experienced a 14.3%, or \$48,158, increase from the prior year's level. Since 2004-05, it has been necessary when analyzing the performance of this revenue source to take into account the impact of the State's "Triple Flip" formula. In 2004, the State received voter approval to issue \$15 billion in deficit reduction bonds. Included in the bond measure was a mechanism for securing a dedicated revenue stream to pay off the bonds over time. A dedicated revenue stream is preferable to those who buy such bonds and can reduce the cost of the issuance. The State's dedicated revenue stream was derived from the "Triple Flip" that was instituted during 2004-05. The Triple Flip has three prongs. First, the State diverts ¼¢ of local sales tax (which equals twenty-five percent of local sales taxes) to pay for the debt service on the bonds. Next, the State diverts an equal amount from school district property taxes to local governments to make them whole. Finally, an equal amount of State general fund monies is redirected to the schools to likewise make them whole.

The impact of the Triple Flip in 2006-07 was the shift of \$123,550 in Town sales tax receipts to the State. This means, in effect, that the Town's actual sales tax receipts for the year were \$507,804. In 2005-06, the State diverted \$104,388 from the Town, which means that actual sales taxes that year were \$440,484. The increase is partially attributable to normal growth, given the economic climate of

the Town, but is in larger part a reflection of the receipt of delinquent quarters' sales taxes during the fourth quarter of the fiscal year. When the delinquencies are factored out, the actual increase in this revenue was closer to 8.5%.

- ☑ Revenues from **Franchise Fees** experienced a 12.5%, or \$34,331, increase over the prior year. Revenues in this category are derived from the fees paid to the Town by major utilities for the use of the Town's rights-of-way. The Town's franchisees include PG&E, the California Water Company, Comcast Cable, and GreenWaste Recovery, Inc. The Town receives a percentage of the gross revenues raised by these franchisees within the Town municipal boundaries. The increase over 2005-06 is almost entirely a result of higher gross revenues from electricity sales by PG&E, which has had rate adjustments granted since it filed for bankruptcy protection several years ago.
- ☑ The **Special Item - Contribution** category reported in 2005-06 reflected the income the Town received from the sale early in 2006 of real property in which the Town had a legal interest. The Town had been the beneficiary of a donation of real property in the late 1960's, with a provision that the donors would maintain a life estate interest until their deaths. The Town's real property interest was in three acres of a nine-acre estate on Mountain Home Road. This physical ownership interest was transferred to a limited partnership in 2001, in exchange for a twenty percent interest in the entire nine acres for the Town. Following the death of the last of the donors, the property was sold and the Town received a check for just under \$2 million in March of 2006. No such event occurred during 2006-07.

The strong performance of the Town's traditional revenues, coupled with the one-time TEA settlement, contributed significantly to the General Fund's healthy ending fund balance of just over \$3.7 million.

General Fund expenditures totaled \$6,332,620 in 2006-07, an increase of 56.7%, or \$2.3 million, from 2005-06. It is important to note that almost \$1.7 million of this increase is the result of the Town's full repayment of outstanding General Fund debt in August of 2006. The following chart highlights the difference between the two fiscal years by program area.

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

	2006-07	2005-06	Inc. (Dec.) \$	Inc. (Dec.) %
Town Council	\$ 18,684	\$ 30,578	\$ (11,894)	-38.9%
Administration & Finance	923,625	795,478	128,147	16.1%
Planning & Building Regulation	1,420,395	1,488,311	(67,916)	-4.6%
Buildings & Grounds	117,178	88,017	29,161	33.1%
Town-wide Overhead	366,194	302,924	63,270	20.9%
Safety Services	968,590	574,604	393,986	68.6%
Trails & Stables	96,808	52,629	44,179	83.9%
Public Works	364,244	161,910	202,334	125.0%
Recreation & Open Space	85,289	289,134	(203,845)	-70.5%
Capital Outlay	56,281	16,661	39,620	237.8%
Debt Service	1,915,332	241,382	1,673,950	693.5%
<b>Total Expenditures</b>	<b>\$ 6,332,620</b>	<b>\$ 4,041,628</b>	<b>\$ 2,290,992</b>	<b>56.7%</b>

The **Town Council Department** expended about \$12,000 less in 2006-07 than it did during 2005-06. There are two factors that led to this decrease: (1) Municipal Elections are held in the odd numbered years and one was held in November of 2005, at a cost of \$5,600 and (2) the Town's Environment Fest is held every other fiscal year and occurred in April of 2006, at a cost of about \$5,700. Neither cost was incurred during 2006-07.

Expenditures for the **Administration and Finance** program area increased by \$128,147 from 2005-06. This 16.1% increase is directly attributable to three things: (1) the Town spent about \$60,000 from this departmental budget for the planning and implementation of the celebration of the Town's fiftieth anniversary of incorporation during 2006-07, an event unique to that fiscal year; (2) an additional \$20,000 was spent on legal fees during 2006-07, attributable to the need to retain expert services to evaluate a critical environmental document and to provide advice on the administration of two major construction contracts; and (3) an Administrative Technician position, vacant for much of 2005-06, was filled in April of 2006, with a full year's costs incurred during 2006-07.

**Planning and Building Regulation** program costs decreased by \$67,916, or 4.6%. There are three primary reasons for this decrease. First, during 2005-06 and 2006-07, the Town was responsible for overseeing the preparation by an outside consultant of a major environmental document for a proposed development in Town. The majority of the work was done during 2005-06, at a cost of about \$73,000. Additional work was undertaken during 2006-07, at a cost of about \$47,000, accounting for \$26,000 of the departmental expenditure decrease. Second, the Town was actively involved in a number of code enforcement cases during 2005-06 that required the involvement of the Town Attorney and outside counsel. Most of these cases had been resolved by the beginning of the 2006-07 fiscal year. As a result, the Town spent about \$82,000 less on legal fees for code enforcement in 2006-07 than it had in 2005-06. Finally, offsetting these two decreases is an increase in costs of about \$40,000 to support the addition midway during 2006-07 of a Community Preservation Officer. Taken together, these three things account for the decrease in expenditures between the two years.

Expenditures for the **Buildings and Grounds Department** increased by \$29,161, or 33.1%, during 2006-07. This reflects the fact that several major projects, either planned or of an emergency nature, were undertaken during 2006-07. Included was the refinishing of the floors in Independence Hall, the removal of a major bee colony from the Independence Hall attic, and the repair of a water line break.

**Town-wide Overhead** increased by \$63,270, or 20.9%, from the 2005-06 level. The Town commissioned a history book about Woodside and its incorporation to commemorate the fiftieth anniversary of incorporation, at a cost of about \$34,000. Additionally, the Town Council approved the replacement of the Town's building project database software and allocated funds for consulting services to facilitate this transition. This added one-time costs during 2006-07 of just under \$30,000.

**Safety Services** increased by \$393,986, or 68.6%. Beginning in 2006-07, the Town enhanced the level of service it received from the San Mateo County Sheriff by adding a dedicated motorcycle patrol unit to the Woodside beat, at a cost of about \$179,000 a year. In addition, as of July 1, 2006, a new three-year agreement with the County for police services went into effect. Under the terms of the new agreement, the cost of the Town's basic police services went up by 30%, or about \$147,000 annually. Finally, in compliance with State regulations, during 2006-07 the Town modified the manner in which it accounts for the costs associated with the Citizens for Public Safety (COPS) Program. The Town receives \$100,000 a year for this program, which I deposited to a Special Revenue Fund. The costs of the program exceed the State grant and the Town has augmented the COPS Program with General Fund

monies for several years. This augmentation was handled in prior years through an interfund transfer to the special revenue fund and all program expenditures were recorded in that fund. Beginning in 2006-07, all COPS Program costs above the level of the State grant funds are paid directly out of the General Fund. This change was directed by the County Controller's Office, which annually audits the COPS Program. As a result, the General Fund reflects an additional \$61,820 above the 2005-06 level of expenditure that is the direct result of this change in accounting for the COPS Program.

Expenditures for Trails and Stables increased by \$44,179, or 83.9%, during 2006-07. This reflects the higher than usual level of trails maintenance and construction activity that occurred during the year, including the renovation of the Crystal Springs Trail and the construction of the Manuella Trail. These special trails projects were largely supported by donations from members of the equestrian community.

The Public Works program area experienced an increase in expenditures of over \$202,000, or 125%, in 2006-07. This reflects the addition of a Development Services Engineer to the department in June of 2006 and the market-based salary adjustments granted to the other personnel in the department in October of 2006.

Finally, Recreation and Open Space required almost \$204,000 less in 2006-07 than it did in 2005-06. This reflects the Town's one-time \$200,000 contribution in 2005-06 to a trust fund for Barkley Fields and Park maintenance, an action required as a condition of the gift of the land.

Despite a higher level of expenditures in 2006-07, the Town's General Fund is still well positioned to cushion future operations from the effects of unforeseen circumstances and activities.

▫ 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. During 2006-07, the Library Operations Fund experienced an increase in fund balances of \$339,304, which is highlighted in the following chart.

Revenues	\$	385,577
Expenditures		40,488
<b>Excess of Expenditures</b>	<b>\$</b>	<b>345,089</b>
Other Financing Sources (Uses)		
Transfers In		-
Transfers Out		(5,785)
<b>Net Other sources</b>	<b>\$</b>	<b>(5,785)</b>
Increase to Fund Balance		339,304
Beginning Fund Balance		713,714
<b>Ending Fund Balance</b>	<b>\$</b>	<b>1,053,018</b>

As has been previously explained, 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 many of the cities within San Mateo County and the County itself. The County provides the actual direct library services and pays for them from property taxes

raised specifically for library purposes within each jurisdiction that hosts a County branch library. The "hosting" jurisdiction owns the building and grounds that support the library function and pays for day-to-day and long-term upkeep and improvement. Pursuant to the terms of the JPA, if more property taxes are raised within a jurisdiction than are needed to provide the direct library services, then the County is to remit the balance of the property taxes to the host jurisdiction, which can use the funds only for library purposes. Unless a major improvement project is undertaken, the Town generally pays about \$50,000 for routine maintenance. During 2006-07, no major projects were undertaken and the Town received about \$385,000 in property taxes and interest income for the Library Fund. The Town is planning several improvement projects for the library within the next year and the fund's healthy cash balances will be utilized to support these undertakings.

▫ **Barkley Park Construction Fund**

The Barkley Fields and Park Construction Fund is a capital fund that accounts for the costs of the development and construction of the Town's first park and playfields complex. The park is being built on a roughly six-acre parcel donated to the Town for this purpose by a Woodside family. Over \$2.2 million in private donations were raised to support the park's development and the Town is contributing an additional \$1.1 million to the project. It is anticipated that the park will open in mid-October of 2007, once the construction is completed. The following summarizes the activity within the fund for 2006-07.

Revenues	\$ 1,877,287
Expenditures	2,365,401
<b>Excess of Expenditures</b>	<b>\$ (488,114)</b>
Other Financing Sources (Uses)	
Transfers In	1,035,000
Transfers Out	-
<b>Net Other sources</b>	<b>\$ 1,035,000</b>
Increase to Fund Balance	546,886
Beginning Fund Balance	(142,000)
<b>Ending Fund Balance</b>	<b>\$ 404,886</b>

At June 30, 2007, the fund was in a negative cash position and was advanced \$264,561 from the General Fund. This will be returned to the General Fund with the first cash receipts in 2007-08.

▫ **Other Governmental Funds**

Included in this category are the Road Impact Fee, Measure A, Gas Tax, Traffic Safety, Supplemental Law Enforcement Services, and California Law Enforcement Equipment Program Funds. Taken as a whole, the following chart reflects the performance of these funds during 2006-07.

**2006-07 Performance  
of Other Governmental Funds**

Revenues	\$ 1,020,577
Expenditures	1,352,163
<b>Excess of Expenditures</b>	<b>\$ (331,586)</b>
<b>Other Financing Sources (Uses)</b>	
Transfers In	500,000
Transfers Out	(142,000)
<b>Net Other Uses</b>	<b>\$ 358,000</b>
Increase to Fund Balance	26,414
Beginning Fund Balance	1,304,474
<b>Ending Fund Balance</b>	<b>\$ 1,330,888</b>

These funds were previously detailed in the foregoing discussion of governmental activities. The net reduction of \$353,005 in fund balances is attributable as follows:

Fund	Net Change
Traffic Safety	\$ 8,958
Road Impact Fee	111,806
Measure A	(134,043)
Gas Tax	40,276
Supplemental Law Enforcement	311
Law Enforcement Equipment	(894)
<b>Total</b>	<b>\$ 26,414</b>

As the chart depicts, the two most significant fund balance reductions were in the Measure A and Road Impact Fee Funds. The Measure A Fund reduction occurred through an intentional drawdown of cash balances amassed during 2005-06 to support the undertaking and completion of a major road rehabilitation project in 2006-07. The Road Impact Fee Fund reflects higher than anticipated revenues during the fiscal year and the deferral of one minor road project into 2007-08.

**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."

**Debt Administration**

The Town's only debt consisted of two Certificates of Participation (COPS) that were first issued in 1990 and 1992 to support the construction of the Town Hall complex and to provide land for Town Center parking. Both instruments were refunded twice in the ensuing years. The new 1999 COPS had an outstanding balance of \$1,223,000 at June 30, 2006, with

an interest rate of 4.20%. They were scheduled to retire in 2015. The 2001 COPS had an outstanding balance of \$623,531 at June 30, 2006, with a 3.95% interest rate. They were scheduled to retire in 2012. As Note 7 to the Basic Financial Statements indicates, both were fully repaid and retired in August of 2006.

## **Budgeting**

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. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting, consistent with generally accepted accounting practices (GAAP). Operating appropriations lapse at year-end. The Town Council generally reauthorizes appropriations for continuing projects and activities. Project-length financial plans are adopted for capital projects. The Town Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. For budgeting purposes, the General Fund is composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated between departments within the same fund without Town Council approval.

The General Fund final budget differs from the original budget by \$2,624,652 and the Barkley Park Construction Fund budget differs from the original budget by \$3,535,000. The components of these changes include:

<b>Fund</b>	<b>Description</b>	<b>Amount</b>
General	Debt Repayment	\$1,915,332
General	Permit Tracking and Management System	400,000
General	Outside Plan Check & Building Inspection Services, Historical Preservation Consultant, Building Maintenance Projects, Police Services Contract	229,320
General	Trails Renovation Projects	40,000
General	Deposit-supported Development Projects	40,000
Barkley	Establish Construction Budget	3,535,000
	<b>Total</b>	<b>\$6,159,652</b>

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

## **Conclusion**

*Management's Discussion and Analysis* is designed to provide the Town's residents, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability. Questions about this document or requests for additional information may be directed to the Town Manager, as follows:

Susan George, Town Manager  
P.O. Box 620005, Woodside, CA 94062  
(650) 851-6790  
[sgeorge@woodsidetown.org](mailto:sgeorge@woodsidetown.org)

## TOWN OF WOODSIDE

### STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire Town's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the Town's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the Town's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Town funds have been eliminated.

The Statement of Net Assets reports the difference between the Town's total assets and the Town's total liabilities, including all the Town's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the Town's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all of the Town's Governmental Activities in a single column, and the financial position of all of the Town's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire Town.

The Town's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, and Capital Projects Funds.

The Town's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the Town's net assets. It is also prepared on the full accrual basis, which means it includes all the Town's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the Town's expense first, listed by program, and is followed by the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The Town's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

TOWN OF WOODSIDE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments (Note 3)	\$7,053,676	\$958,814	\$8,012,490
Accounts and other receivables	1,392,976	14,655	1,407,631
Loans receivable (Note 4)		81,852	81,852
Capital assets (Note 5)	<u>14,252,037</u>	<u>1,263,662</u>	<u>15,515,699</u>
Total Assets	<u>22,698,689</u>	<u>2,318,983</u>	<u>25,017,672</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	339,511	1,795	341,306
Compensated absences (Note 2G)	392,757		392,757
Deferred revenue	<u>1,584,511</u>	<u>81,852</u>	<u>1,666,363</u>
Total Liabilities	<u>2,316,779</u>	<u>83,647</u>	<u>2,400,426</u>
<b>NET ASSETS (Note 8)</b>			
Invested in capital assets	<u>14,252,037</u>	<u>1,263,662</u>	<u>15,515,699</u>
Restricted for:			
Special revenue programs	<u>2,383,906</u>		<u>2,383,906</u>
Total Restricted Net Assets	<u>2,383,906</u>		<u>2,383,906</u>
Unrestricted	<u>3,745,967</u>	<u>971,674</u>	<u>4,717,641</u>
Total Net Assets	<u>\$20,381,910</u>	<u>\$2,235,336</u>	<u>\$22,617,246</u>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental Activities:</b>						
Town council	\$18,684			(\$18,684)		(\$18,684)
Administration and finance	931,438	\$88,429		(843,009)		(843,009)
Planning and building regulation	1,447,300	880,764		(566,536)		(566,536)
Building and grounds	173,183	8,147		(165,036)		(165,036)
Town-wide overhead	386,449			(386,449)		(386,449)
Safety services	1,071,337		\$118,023	(953,314)		(953,314)
Trails and stables	97,318	59,445		(37,873)		(37,873)
Library services	40,488		348,015	307,527		307,527
Public works	1,676,282	139,846	760,561	(775,875)		(775,875)
Recreation and open space	85,335	93,782		8,447		8,447
Interest and fiscal charges	68,801			(68,801)		(68,801)
<b>Total Governmental Activities</b>	<b>5,996,615</b>	<b>1,270,413</b>	<b>1,226,599</b>	<b>(3,499,603)</b>		<b>(3,499,603)</b>
<b>Business-type Activities:</b>						
Sewer revolving	61,457	43,685			(\$17,772)	(17,772)
Sewer utility	122,299	160,469			38,170	38,170
Town center pump sewer	74,873	84,566			9,693	9,693
Cañada Corridor sewer	25,402	24,677			(725)	(725)
<b>Total Business-type Activities</b>	<b>284,031</b>	<b>313,397</b>			<b>29,366</b>	<b>29,366</b>
<b>Total</b>	<b>\$6,280,646</b>	<b>\$1,583,810</b>	<b>\$1,226,599</b>	<b>(3,499,603)</b>	<b>29,366</b>	<b>(3,470,237)</b>
<b>General revenues:</b>						
<b>Taxes</b>						
Property taxes				4,326,315		4,326,315
Sales tax				366,968		366,968
Property transfer tax				151,156		151,156
Franchises				308,909		308,909
Business licenses				134,740		134,740
Fines and forfeiture				1,802		1,802
Interest				332,517	46,708	379,225
Other agencies				610,164		610,164
Other				1,905,837		1,905,837
Transfers (Note 6)				76,535	(76,535)	
<b>Total general revenues and transfers</b>				<b>8,214,943</b>	<b>(29,827)</b>	<b>8,185,116</b>
Change in Net Assets				4,715,340	(461)	4,714,879
Net Assets-Beginning				15,666,570	2,235,797	17,902,367
Net Assets-Ending				<b>\$20,381,910</b>	<b>\$2,235,336</b>	<b>\$22,617,246</b>

See accompanying notes to financial statements

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<b>FUND FINANCIAL STATEMENTS</b>
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The Fund Financial Statements presents only individual major funds, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year. No distinction is made between Fund types.

<b>MAJOR GOVERNMENTAL FUNDS</b>
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The funds described below were determined to be Major Funds by the Town in fiscal 2007. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

Accounts for all general revenue and tax receipts and their allocation and expenditure.

**LIBRARY OPERATIONS SPECIAL REVENUE FUND**

Used to account for expenses and reimbursements derived from the Town's membership in the San Mateo County Library System Joint Powers Agency.

**BARKLEY PARK CONSTRUCTION CAPITAL PROJECTS FUND**

Accounts for the cost of periodic rehabilitation of the soccer/baseball fields at Barkley Fields and Park and of other periodic major maintenance projects at the park.

TOWN OF WOODSIDE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2007

	General	Library Operations	Barkley Park Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments (Note 3)	\$4,722,421	\$1,043,426		\$1,287,829	\$7,053,676
Accounts and other receivables	421,918	10,292	\$910,854	49,912	1,392,976
Due from other funds (Note 6B)	264,561				264,561
<b>Total Assets</b>	<b>\$5,408,900</b>	<b>\$1,053,718</b>	<b>\$910,854</b>	<b>\$1,337,741</b>	<b>\$8,711,213</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$90,551	\$700	\$241,407	\$6,853	\$339,511
Due to other funds (Note 6B)			264,561		264,561
Deferred revenue	1,584,511				1,584,511
<b>Total Liabilities</b>	<b>1,675,062</b>	<b>700</b>	<b>505,968</b>	<b>6,853</b>	<b>2,188,583</b>
<b>FUND BALANCES</b>					
Unreserved, undesignated reported in:					
General fund	3,733,838				3,733,838
Special revenue funds		\$1,053,018	404,886	1,330,888	2,788,792
<b>Total Fund Balances</b>	<b>3,733,838</b>	<b>1,053,018</b>	<b>404,886</b>	<b>1,330,888</b>	<b>6,522,630</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$5,408,900</b>	<b>\$1,053,718</b>	<b>\$910,854</b>	<b>\$1,337,741</b>	

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

14,252,037

**LONG TERM ASSETS AND LIABILITIES**

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

  Non-current portion of compensated absences

(392,757)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$20,381,910

See accompanying notes to financial statements

TOWN OF WOODSIDE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2007

	General	Library Operations	Barkley Park Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$4,326,315				\$4,326,315
Sales tax	384,254				384,254
Property transfer tax	151,156				151,156
Franchises	308,909				308,909
Business licenses	134,740				134,740
Fees and permits	730,476			\$401,405	1,131,881
Fines and forfeiture	1,802			32,218	34,020
Interest	246,883	\$37,562		48,081	332,526
Other agencies	535,769	348,015		534,288	1,418,072
Current services	477,003				477,003
Other	54,672		\$1,877,287	4,585	1,936,544
<b>Total Revenues</b>	<b>7,351,979</b>	<b>385,577</b>	<b>1,877,287</b>	<b>1,020,577</b>	<b>10,635,420</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Town council	18,684				18,684
Administration and finance	923,625				923,625
Planning and building regulation	1,420,395				1,420,395
Building and grounds	117,178				117,178
Town-wide overhead	366,194				366,194
Safety services	968,590			101,394	1,069,984
Trails and stables	96,808			510	97,318
Library services		40,488			40,488
Public works	364,244			1,249,749	1,613,993
Recreation and open space	85,289		46		85,335
Capital outlay	56,281		2,365,355	510	2,422,146
<b>Debt service:</b>					
Principal repayments (Note 7)	1,846,531				1,846,531
Interest and fiscal charges	68,801				68,801
<b>Total Expenditures</b>	<b>6,332,620</b>	<b>40,488</b>	<b>2,365,401</b>	<b>1,352,163</b>	<b>10,090,672</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,019,359</b>	<b>345,089</b>	<b>(488,114)</b>	<b>(331,586)</b>	<b>544,748</b>
<b>OTHER FINANCING SOURCES (Uses)</b>					
Transfers in (Note 6)	224,320		1,035,000	500,000	1,759,320
Transfers (out) (Note 6)	(1,535,000)	(5,785)		(142,000)	(1,682,785)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,310,680)</b>	<b>(5,785)</b>	<b>1,035,000</b>	<b>358,000</b>	<b>76,535</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(291,321)</b>	<b>339,304</b>	<b>546,886</b>	<b>26,414</b>	<b>621,283</b>
<b>BEGINNING FUND BALANCES</b>	<b>4,025,159</b>	<b>713,714</b>	<b>(142,000)</b>	<b>1,304,474</b>	<b>5,901,347</b>
<b>ENDING FUND BALANCES</b>	<b>\$3,733,838</b>	<b>\$1,053,018</b>	<b>\$404,886</b>	<b>\$1,330,888</b>	<b>\$6,522,630</b>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 Reconciliation of the  
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
 with the Change in  
 GOVERNMENTAL NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2007

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$621,283

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay expenditures are therefore added back to fund balance, net of retirements 2,421,636

Depreciation expense is deducted from fund balance (114,139)

LONG TERM DEBT PAYMENTS

Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance 1,846,531

ACCRUAL OF NON-CURRENT ITEMS

The amount below included in the Statement of Activities does not (require) the use of current financial resources and therefore is not reported as expenditures in governmental funds (net change):

Compensated absences (59,971)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$4,715,340

See accompanying notes to financial statements

TOWN OF WOODSIDE  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$2,082,691	\$2,082,691	\$4,326,315	\$2,243,624
Sales tax	358,312	358,312	384,254	25,942
Property transfer tax	150,000	150,500	151,156	656
Franchises	271,100	271,100	308,909	37,809
Business licenses	126,000	126,000	134,740	8,740
Fees and permits	800,000	800,000	730,476	(69,524)
Fines and forfeiture	2,000	2,000	1,802	(198)
Interest	75,000	76,000	246,883	170,883
Other agencies	390,167	390,167	535,769	145,602
Current services	114,984	379,984	477,003	97,019
Other	21,000	21,000	54,672	33,672
<b>Total Revenues</b>	<b>4,391,254</b>	<b>4,657,754</b>	<b>7,351,979</b>	<b>2,694,225</b>
<b>EXPENDITURES:</b>				
Current:				
Town council	24,650	24,650	18,684	5,966
Administration and finance	957,781	957,781	923,625	34,156
Planning and building regulation	1,225,765	1,445,265	1,420,395	24,870
Building and grounds	88,208	108,958	117,178	(8,220)
Town-wide overhead	304,310	324,310	366,194	(41,884)
Safety services	912,583	974,403	968,590	5,813
Trails and stables	61,043	101,043	96,808	4,235
Public works	340,094	359,344	364,244	(4,900)
Recreation and open space	94,550	91,550	85,289	6,261
Capital outlay	30,000	361,000	56,281	304,719
Debt service:				
Principal repayments		1,846,531	1,846,531	
Interest and fiscal charges		68,801	68,801	
<b>Total Expenditures</b>	<b>4,038,984</b>	<b>6,663,636</b>	<b>6,332,620</b>	<b>331,016</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>352,270</b>	<b>(2,005,882)</b>	<b>1,019,359</b>	<b>3,025,241</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in (Note 6)	234,851	312,351	224,320	(88,031)
Transfers (out) (Note 6)	(649,851)	(1,623,031)	(1,535,000)	88,031
<b>Total Other Financing Sources (Uses)</b>	<b>(415,000)</b>	<b>(1,310,680)</b>	<b>(1,310,680)</b>	
<b>NET CHANGE IN FUND BALANCE</b>	<b>(\$62,730)</b>	<b>(\$3,316,562)</b>	<b>(291,321)</b>	<b>\$3,025,241</b>
<b>BEGINNING FUND BALANCE</b>			<b>4,025,159</b>	
<b>ENDING FUND BALANCE</b>			<b>\$3,733,838</b>	

See accompanying notes to financial statements

TOWN OF WOODSIDE  
LIBRARY OPERATIONS SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$5,000	\$5,000	\$37,562	\$32,562
Other agencies	55,000	55,000	348,015	293,015
Total Revenues	60,000	60,000	385,577	325,577
EXPENDITURES:				
Current:				
Library services	56,246	56,246	40,488	15,758
Total Expenditures	56,246	56,246	40,488	15,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,754	3,754	345,089	341,335
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 6)	5,785	(5,785)	(5,785)	
Total Other Financing Sources (Uses)	5,785	(5,785)	(5,785)	
NET CHANGE IN FUND BALANCE	\$9,539	(\$2,031)	339,304	\$341,335
BEGINNING FUND BALANCE			713,714	
ENDING FUND BALANCE			\$1,053,018	

See accompanying notes to financial statements

## **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for Town 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.

The Town has identified all of its Enterprise Funds as major proprietary funds in fiscal 2007.

### **SEWER REVOLVING FUND**

Used to account for revenues received from sewer connections to the Redwood Creek Sewer assessment District, to be allocated to sewer system improvements and rehabilitation

### **SEWER UTILITY**

Used to account for the operating costs and user fees associated with the Town Center Sewer District. Fund 529 is 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**

Used to account for 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**

Used to account for the operating costs and user fees associated with the Cañada Corridor Sanitary Sewer Area.

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2007

	Business-type Activities-Enterprise Funds				
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	Totals
<b>ASSETS</b>					
Cash and investments (Note 3)	\$77,303	\$385,494	\$473,674	\$22,343	\$958,814
Accounts and other receivables	1,206	7,489	5,816	144	14,655
Loans receivable (Note 4)	81,852				81,852
Capital assets (Note 5)		2,083	823,612	437,967	1,263,662
<b>Total Assets</b>	<b>160,361</b>	<b>395,066</b>	<b>1,303,102</b>	<b>460,454</b>	<b>2,318,983</b>
<b>LIABILITIES</b>					
Accounts payable		1,795			1,795
Deferred revenue	81,852				81,852
<b>Total Liabilities</b>	<b>81,852</b>	<b>1,795</b>			<b>83,647</b>
<b>NET ASSETS (Note 8)</b>					
Invested in capital assets		2,083	823,612	437,967	1,263,662
Unrestricted, designated for: Sewer line attachments	78,509	391,188	479,490	22,487	971,674
<b>Total Net Assets</b>	<b>\$78,509</b>	<b>\$393,271</b>	<b>\$1,303,102</b>	<b>\$460,454</b>	<b>\$2,235,336</b>

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				Totals
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	
OPERATING REVENUES					
Charges for current services	\$43,685	\$160,469	\$84,566	\$24,677	\$313,397
Total Operating Revenues	43,685	160,469	84,566	24,677	313,397
OPERATING EXPENSES					
Salaries and related expenses	61,349	42,699			104,048
Outside services	108	426			534
Repairs and maintenance		78,653		7,968	86,621
Depreciation		521	74,873	17,434	92,828
Total Operating Expenses	61,457	122,299	74,873	25,402	284,031
Operating Income (Loss)	(17,772)	38,170	9,693	(725)	29,366
NONOPERATING REVENUES (EXPENSES)					
Interest income	5,691	19,030	21,449	538	46,708
Total Nonoperating Revenues (Expenses)	5,691	19,030	21,449	538	46,708
Income (Loss) Before Transfers	(12,081)	57,200	31,142	(187)	76,074
Transfers out (Note 6)	(16,645)	(36,442)	(21,929)	(1,519)	(76,535)
Net transfers	(16,645)	(36,442)	(21,929)	(1,519)	(76,535)
Change in net assets	(28,726)	20,758	9,213	(1,706)	(461)
BEGINNING NET ASSETS	107,235	372,513	1,293,889	462,160	2,235,797
ENDING NET ASSETS	\$78,509	\$393,271	\$1,303,102	\$460,454	\$2,235,336

See accompanying notes to financial statements

TOWN OF WOODSIDE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds				
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$43,704	\$158,770	\$83,218	\$24,856	\$310,548
Payments to suppliers	(108)	(78,998)		(7,968)	(87,074)
Payments to employees	(61,349)	(42,699)			(104,048)
Cash Flows from Operating Activities	<u>(17,753)</u>	<u>37,073</u>	<u>83,218</u>	<u>16,888</u>	<u>119,426</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	(16,645)	(36,442)	(21,929)	(1,519)	(76,535)
Cash Flows from Noncapital Financing Activities	<u>(16,645)</u>	<u>(36,442)</u>	<u>(21,929)</u>	<u>(1,519)</u>	<u>(76,535)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets		(2,604)		(7,123)	(9,727)
Cash Flows from Capital and Related Financing Activities		<u>(2,604)</u>		<u>(7,123)</u>	<u>(9,727)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	5,691	19,030	21,449	538	46,708
Cash Flows from Investing Activities	<u>5,691</u>	<u>19,030</u>	<u>21,449</u>	<u>538</u>	<u>46,708</u>
Net Cash Flows	(28,707)	17,057	82,738	8,784	79,872
Cash and investments at beginning of period	106,010	368,437	390,936	13,559	878,942
Cash and investments at end of period	<u>\$77,303</u>	<u>\$385,494</u>	<u>\$473,674</u>	<u>\$22,343</u>	<u>\$958,814</u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>					
Operating income (loss)	(\$17,772)	\$38,170	\$9,693	(\$725)	\$29,366
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation and amortization		521	74,873	17,434	92,828
Change in assets and liabilities:					
Accounts receivable	19	(1,699)	(1,348)	179	(2,849)
Accounts payable and other liabilities		81			81
Cash Flows from Operating Activities	<u>(\$17,753)</u>	<u>\$37,073</u>	<u>\$83,218</u>	<u>\$16,888</u>	<u>\$119,426</u>

See accompanying notes to financial statements

<b>FIDUCIARY FUNDS</b>
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**FIDUCIARY FUNDS**

Agency funds are used to account for assets held by the Town as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

TOWN OF WOODSIDE  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments available for operations (Note 3)	\$586,181
Interest receivable	<u>10,265</u>
Total Assets	<u><u>\$596,446</u></u>
LIABILITIES	
Accrued liabilities	\$260,422
Due to bondholders	<u>336,024</u>
Total Liabilities	<u><u>\$596,446</u></u>

See accompanying notes to financial statements