

**TOWN OF WOODSIDE
BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
JUNE 30, 2011**

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TOWN OF WOODSIDE
Basic Financial Statements
For the Year Ended June 30, 2011
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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, 2011, 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 basic 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, 2011 and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 8, the Town implemented the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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 19, 2011

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Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

This is the eighth 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 2010-11 are the General Fund, the Library Fund, and the Measure A 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 30th) 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, 2011, the net assets of the Town's Governmental Activities totaled \$20.6 million, as is highlighted in the following chart.

Statement of Assets: Governmental Activities Net Assets at June 30, 2011

	2010-11	2009-10	Inc./ (Dec.)
Cash & Investments	\$ 6,132,988	\$ 6,778,995	\$ (646,007)
Other Assets	548,627	551,355	(2,728)
Capital Assets	15,895,767	16,055,492	(159,725)
Total Assets	\$ 22,577,382	\$ 23,385,842	\$ (808,460)
Accounts Payable	153,861	123,150	30,711
Compensated Absences	239,423	247,102	(7,679)
Other Post Employment Benefits (OPEB)	150,906	150,172	734
Deposits Payable	1,439,838	1,433,503	6,335
Total Liabilities	\$ 1,984,028	\$ 1,953,927	\$ 30,101
Net Assets:			
Invested in capital assets	15,895,767	16,055,492	(159,725)
Restricted	2,845,757	3,064,549	(218,792)
Unrestricted	1,851,830	2,311,874	(460,044)
Net Total Assets	\$ 20,593,354	\$ 21,431,915	\$ (838,561)

The total net assets for the Town's Governmental Activities decreased by \$838,561 in 2010-11. This decrease is attributable to several things:

- ✓ "Net Assets Invested in Capital Assets" decreased by \$159,725. This reflects the net of activity involving the addition, retirement, and depreciation of capital assets. Note 5 to the Basic Financial Statements includes a summary of the activity that impacted capital assets during 2010-11, which includes:

Net Reductions to Machinery and Equipment	\$ (465)
Net Additions to Computer Software	9,425
Subtotal	\$ 8,960
Less: Additions to Accumulated Depreciation	(168,685)
Net Reductions to Capital Assets	\$ (159,725)

- ✓ In addition to the decrease in capital assets is an additional net decrease of \$678,836. This net decrease is comprised of the following components:

- A decrease of \$646,007 in cash and investments
- A decrease of \$2,728 in Other Assets
- An increase of \$30,711 in Accounts Payable
- A decrease of \$7,679 in Compensated Absences
- An increase of \$6,335 in Deposits Payable

An increase of \$734 in OPEB (Other Post Employment Benefits) Liability

The decrease in **Cash and Investments** is the net result of the changes that occurred in the various funds that make up the Governmental Activities, as depicted in the following chart.

Fund	6/30/2011	6/30/2010	Change
General Fund	\$ 3,287,433	\$ 3,743,796	\$ (456,363)
Library Fund	2,090,979	2,018,771	72,208
Measure A Fund	439,931	536,626	(96,695)
Other Governmental Funds	314,645	479,802	(165,157)
Total	\$ 6,132,988	\$ 6,778,995	\$ (646,007)

Each fund deserves separate comment.

The **General Fund's** Cash and Investments decreased by 12.2%, or \$456,363. This decrease reflects three different components of the Town's financial operations for the fiscal year. First, the Town decided to utilize available fund balances to support a series of one-time activities and special projects during 2010-11 from the General Fund, including: (1) the continuation of the General Plan Update process at a cost of about \$78,000, which provided technical studies and contract planner services; (2) the replacement of the phone system at a cost of \$16,000; (3) the beginning of the update of the Town's website at a cost of \$15,000; (4) the commencement of the update the Residential Design Guidelines, at a cost of \$3,000; and (5) the repainting of Independence Hall, at a cost of \$21,675. Second, about \$38,000 in development review deposit funds collected in prior years was expended during 2010-11, most notably for the work needed in support of implementing the Conditions of Approval associated with the demolition permit for the Jackling House. Finally, because revenues to the General Fund underperformed budgeted levels by about \$285,000, due mostly to the poor performance of fee and permit revenue, available fund balances were needed to support ongoing Town operations to replace the anticipated revenues.

The Town's **Library Fund** experienced a 3.6%, or roughly \$72,000, increase in Cash and Investments from June 30, 2010 to June 30, 2011. 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. During 2010-11, the Town received about \$72,000 more in property tax revenue than it spent on maintenance of the library and architectural services related to the renovation of the library.

The **Measure A Fund** accounts for the Town's share of a county-wide half-cent of sales tax that is dedicated to transportation-related projects. The Town utilizes this revenue for road rehabilitation and maintenance projects. 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. As of June 30, 2010, the Measure A Fund enjoyed an available fund balance in excess of \$550,000. The road Program for 2010-11 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. This accounts for the decrease in cash of just under \$97,000.

The Town's remaining Special Revenue funds account for a \$165,157 decrease in Cash and Investments at June 30, 2011, as is depicted in the next chart.

Fund	6/30/2011	6/30/2010	Net Change
Traffic Safety	\$ 38,820	\$ 25,965	\$ 12,855
Gas Tax	150,141	99,712	\$ 50,429
Law Enforcement Equipment (CLEEP)	10,212	10,212	\$ -
Road Impact Fee	115,472	343,913	\$ (228,441)
Total	\$ 314,645	\$ 479,802	\$ (165,157)

The Gas Tax fund reflects an increase of \$50,429, or 50.6%. This increase in cash and investments resulted from a vacancy on the Town's maintenance crew, which yielded salary and benefit savings for this fund. The decrease in the Road Impact Fee fund of 66.4%, or \$228,441, reflects the net impact of two factors. First, the economic downturn contributed to lower levels of development-related activity and negatively impacted the collection of development-related fees, as road impact fees and interest earned on invested cash balances performed about \$152,000 below budgeted levels. Second, as with the Measure A Fund, the budget for 2010-11 reflected a decision to spend available fund balances on Road Program projects during the fiscal year and the expense associated with a \$74,000 project to replace a storm drain on Whiskey Hill Road was supported by this source. The Traffic Safety fund had an increase of 49.5% or \$12,855, reflecting an increase in revenues from civil fines and a reduction in costs. There was no change in the Law Enforcement Equipment fund.

Other Assets includes revenues accrued as of June 30th. The following chart highlights the revenues which were accrued for 2010-11:

Fund	6/30/2011	6/30/2010	Change
General Fund	\$ 503,601	\$ 498,466	\$ 5,135
Library Fund	2,233	2,298	(65)
Measure A Fund	18,276	22,751	(4,475)
Other Governmental Funds	24,517	27,840	(3,323)
Total	\$ 548,627	\$ 551,355	\$ (2,728)

None of the changes in the Other Assets category are material. The General Fund has the largest amount of accrued revenue, the single largest source being the receipt of secured property taxes, sales taxes, and Tax Equity Allocation (TEA) funds. Interest accounts for the full \$2,233 accrued to the Library Fund. The Measure A sales tax revenue for June was received in July and accrued to the Measure A Fund. The other governmental funds with accrued revenue are the Gas Tax Fund, which had \$12,928 in revenue received after June 30th, as did the Supplemental Law Enforcement Service Fund, which received funds for 2010-11 following June 30th.

As the following chart illustrates, the increase in **Accounts Payable** of \$30,711 is primarily attributable to the General Fund and the Measure A Fund.

Fund	6/30/2011	6/30/2010	Change
General Fund	\$ 126,795	\$ 114,354	\$ 12,441
Library Fund	700	738	(38)
Measure A Fund	23,525	5,969	17,556
Other Governmental Funds	2,841	2,089	752
Total	\$ 153,861	\$ 123,150	\$ 30,711

The increase in the Accounts Payable for the Measure A Fund reflects the final retention payment for the 2010 Road Rehabilitation Project, paid in July 2011. The Accounts Payable for the General Fund represents the normal pattern of payments in July for services rendered prior to June 30th and accrued payroll. Other changes to Accounts Payable are immaterial.

The increase in Deposits Payable of \$6,335 and Other Post Employment Benefits (OPEB) of \$734 and the decrease in Compensated Absences of \$7,679 are immaterial.

During 2010-11, the Town's Governmental Activities were supported by about \$6.28 million in revenues, derived from many sources, as is summarized in the next chart.

**Statement of Activities: Governmental Activities
2010-11 Revenues by Source**

Source	\$	% of Total
Program Revenues:		
Charges for services	\$ 945,437	12.6%
Operating grants & contributions	954,819	12.7%
Total Program Revenues	\$ 1,900,256	30.3%
General Revenues:		
Property tax	2,672,342	35.6%
Sales tax	368,071	4.9%
Property transfer tax	142,222	1.9%
Franchises	372,000	5.0%
Business licenses	119,745	1.6%
Interest	26,012	0.3%
Other agencies	591,162	7.9%
Other income	28,461	0.4%
Transfers	56,381	0.8%
Total General Revenues & Transfers	\$ 4,376,396	69.7%
Total Revenues	\$ 6,276,652	100.0%

The "Transfers" category reflects the transfer of \$56,381 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 total revenues for 2010-11 were about \$678,000, or 9.7%, lower than they were in 2009-10, as the following chart depicts.

**Statement of Activities: Governmental Activities
Two-year Comparison of Revenues by Source**

Source	2010-11	2009-10	Inc./Dec. (\$)	Inc./Dec. (%)
Program Revenues:				
Charges for services	\$ 945,437	\$ 1,123,773	\$ (178,336)	-15.9%
Operating grants & contributions	954,819	1,227,428	(272,609)	-22.2%
Total Program Revenues	\$ 1,900,256	\$ 2,351,201	\$ (450,945)	-19.2%
General Revenues:				
Property tax	2,672,342	2,726,757	(54,415)	-2.0%
Sales tax	368,071	332,450	35,621	10.7%
Property transfer tax	142,222	76,099	66,123	86.9%
Franchises	372,000	360,566	11,434	3.2%
Business licenses	119,745	113,620	6,125	5.4%
Interest	26,012	43,086	(17,074)	-39.6%
Other agencies	591,162	629,963	(38,801)	-6.2%
Other income	28,461	272,546	(244,085)	-89.6%
Transfers	56,381	48,070	8,311	17.3%
Total General Revenues & Transfers	\$ 4,376,396	\$ 4,603,157	\$ (226,761)	-4.9%
Total Revenues	\$ 6,276,652	\$ 6,954,358	\$ (677,706)	-9.7%

There are several sources of revenue that contribute to this decrease. Program Revenues were almost \$451,000, or 19.2%, lower in 2010-11 than in the prior year. Three major factors contribute to this decrease: (1) the Town received about \$250,000 less in Library Fund "donor" funds, which are tax revenues in excess of the cost of operating the Woodside Library, reflecting the County of San Mateo's direct payment for the cost of work related to the planning and design of the Woodside Library Renovation Project; (2) the Town's receipt of about \$123,000 less in permit fees in 2010-11 than in the previous year, attributable to the downturned economy; and (3) the one-time receipt in 2009-10 by the General Fund of about \$30,000 from the closure of the Town Center Pump Station Debt Service Funds. General Revenues and Transfers decreased by about \$227,000, or 4.9%. As the chart depicts, this decrease is largely attributable to the "Other Income" category, which decreased by over \$244,000, or 89.6%. This decrease was the result of about \$218,500 received in 2009-10 from the Town of Atherton in exchange for federal stimulus funds that were available for Woodside. There were no federal stimulus funds available during 2010-11.

Changes in other revenues sources are discussed in detail in the discussion that accompanies the Fund Financial Statements, later in this MD&A.

The programs reported as Governmental Activities include all the basic areas of Town government, such as administration, planning, public works, safety services, library services, buildings and grounds, trails maintenance, recreation, and town-wide overhead. 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, changes in the balance of compensated absences, and changes to the Town's OPEB liability, and exclude funds expended on capital outlays. For example, in the Fund Financial Statements for the Governmental Funds, the Planning and Building Regulation Program reflects an expenditure of \$1,109,356 for 2010-11. This same program reflects total expenses of \$1,114,145 in the next chart, which is taken from the Statement of Activities. The \$4,789 difference is the combination of a depreciation expense of \$7,154, a decrease in compensated absence balances of \$3,099, and an increase in the OPEB liability of \$734. 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.

**Statement of Activities: Governmental Activities
2010-11 Expenses by Program**

Program	Total Expense	% of Total
Town Council	\$ 20,122	0.3%
Administration & Finance	1,313,940	18.5%
Planning & Building Regulation	1,114,145	15.7%
Buildings & Grounds	261,392	3.7%
Town-wide Overhead	393,715	5.5%
Safety Services	1,436,052	20.2%
Trails & Stables	48,297	0.7%
Library Services	132,172	1.9%
Public Works	2,107,236	29.6%
Recreation & Open Space	288,142	4.0%
Total	\$ 7,115,213	100.0%

Program expenditures for the Governmental Activities were \$51,242, or 0.7%, lower in 2010-11 than they were in 2009-10, as the next chart demonstrates. A discussion of program expenditures for the year and their comparison to 2009-10 is included later in this MD&A.

**Statement of Activities: Governmental Activities
Two-year Comparison of Expenses by Program**

Program	2010-11	2009-10	Inc./Dec. (\$)	Inc./Dec. (%)
Town Council	\$ 20,122	\$ 45,227	\$ (25,105)	-55.5%
Administration & Finance	1,313,940	1,245,369	68,571	5.5%
Planning & Building Regulation	1,114,145	1,291,024	(176,879)	-13.7%
Buildings & Grounds	261,392	278,238	(16,846)	-6.1%
Town-wide Overhead	393,715	445,218	(51,503)	-11.6%
Safety Services	1,436,052	1,297,682	138,370	10.7%
Trails & Stables	48,297	40,613	7,684	18.9%
Library Services	132,172	95,295	36,877	38.7%
Public Works	2,107,236	2,176,961	(69,725)	-3.2%
Recreation & Open Space	288,142	250,828	37,314	14.9%
Total	\$ 7,115,213	\$ 7,166,455	\$ (51,242)	-0.7%

The negative change in net assets from 2009-10 to 2010-11 of \$838,561 reported and discussed earlier, is equal to the difference between the total revenues of \$6,276,652 and total expenses of \$7,115,213 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
Two-year Comparison of Net Assets at June 30**

	2010-11	2009-10	Inc./Dec.)
Cash & Investments	\$ 697,524	\$ 735,118	\$ (37,594)
Other Assets	17,060	28,416	(11,356)
Capital Assets	892,348	985,176	(92,828)
Total Assets	\$ 1,606,932	\$ 1,748,710	\$ (141,778)
Accounts Payable	1,819	13,062	(11,243)
Deposits Payable	13,808	24,583	(10,775)
Total Liabilities	\$ 15,627	\$ 37,645	\$ (22,018)
Net Assets:			
Invested in capital assets	892,348	985,176	(92,828)
Unrestricted	698,957	725,889	(26,932)
Net Total Assets	\$ 1,591,305	\$ 1,711,065	\$ (119,760)

As is reported in the Statement of Activities, the change in net assets for the Town's Business-type Activities as of June 30, 2011, was a decrease of \$119,760. The following table outlines the components of this decrease.

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

	2010-11	2009-10	Inc./Dec.
Expenses	\$ 277,953	\$ 339,542	\$ (61,589)
Program Revenues:			
Charges for services	210,897	172,185	38,712
Net Revenue (Expense)	\$ (67,056)	\$ (167,357)	\$ 100,301
General Revenues:			
Interest	\$ 3,677	\$ 5,817	(2,140)
Transfers	(56,381)	(48,070)	(8,311)
Total General Revenue and Transfers	\$ (52,704)	\$ (42,253)	\$ (10,451)
Change in Net Assets	(119,760)	(209,610)	89,850

Expenses were higher in 2009-10, reflecting the engagement of a contract engineer to prepare a Sewer Capital Master Plan and slightly higher maintenance costs. Charges for service were higher by about \$39,000 in 2010-11 largely because of an accounting error that occurred in 2009-10. A receipt for \$13,307 was incorrectly credited to the Woodside Road/Whiskey Hill Road Parking Assessment District Debt Service Fund during 2009-10, making the charges for service for that year less by that amount. The error was corrected during 2010-11, increasing the charges for service by the same \$13,307. Taken together, this represents nearly \$27,000 of the difference between the two years. An increase in receipts accounts for the rest of the increase in the charges for service in 2010-11. The "Transfers" of \$56,381 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, 2011, were about \$20.6 million, which is the total of ending fund balances, plus capital assets, and less long-term commitments. The following chart provides an overview of these Net Assets.

2010-11 Net Assets - Governmental Funds

Governmental Funds	Total Assets	Total Liabilities	Fund Balance/ Net Assets
General Fund	\$ 3,808,792	\$ 1,566,633	\$ 2,242,159
Library Operations Fund	2,093,212	700	2,092,512
Measure A Fund	458,207	23,525	434,682
Other Governmental Funds	339,162	20,599	318,563
Subtotal	\$ 6,699,373	\$ 1,611,457	\$ 5,087,916
Capital Assets			15,895,767
Non-current Portion of Compensated Absences			(239,423)
OPEB Liability			(150,906)
Total Net Assets			\$ 20,593,354

Total Net Assets decreased by just about \$838,500, or 3.91%, as is highlighted in the following chart.

Two-year Comparison of Net Assets - Governmental Funds

Governmental Funds	2010-11	2009-10	Inc./Dec. (\$)	Inc./Dec. (%)
Total Assets	\$ 6,699,373	\$ 7,345,093	\$ (645,720)	-8.79%
Total Liabilities	1,611,457	1,571,396	40,061	2.55%
Fund Balance/Net Assets	\$ 5,087,916	\$ 5,773,697	\$ (685,781)	-11.88%
Capital Assets	15,895,767	16,055,492	(159,725)	-0.99%
Non-current Portion of Compensated Absences	(239,423)	(247,102)	7,679	-3.11%
OPEB Liability	(150,906)	(150,172)	(734)	0.49%
Total Net Assets	\$ 20,593,354	\$ 21,431,915	\$ (838,561)	-3.91%

The combined fund balances of \$5,087,916 from the various Governmental Funds comprise about 24.7% of Total Net Assets at June 30, 2011. These fund balances decreased by \$685,781, or 11.9%, during 2010-11. The following summary of the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Governmental Funds illustrates the details of this net decrease.

**Governmental Funds
Net Change in Fund Balances at June 30, 2011**

Governmental Funds	Total Revenues	Total Expenditures	Excess/(Def.) of Revenues	Other Financing Sources/(Uses)	Net Change in Fund Balance
General	\$ 5,214,395	\$ 5,471,165	\$ (256,770)	\$ (210,219)	\$ (466,989)
Library Operations Fund	254,746	155,165	99,581	(27,400)	72,181
Measure A Fund	267,641	783,367	(515,726)	397,000	(118,726)
Other Governmental Funds	483,489	552,736	(69,247)	(103,000)	(172,247)
Subtotal	\$ 6,220,271	\$ 6,962,433	\$ (742,162)	\$ 56,381	\$ (685,781)
Beginning Fund Balances					5,773,697
Ending Fund Balances					\$ 5,087,916

The following chart provides a comparison of the components that made up the net change in fund balances for the Governmental Funds for 2010-11 and 2009-10.

Two-year Comparison of Net Change in Fund Balances - Governmental Funds

Governmental Funds	2010-11	2009-10	Inc./Dec. (\$)	Inc./Dec. (%)
Total Revenues	\$ 6,220,271	\$ 6,906,288	\$ (686,017)	-9.93%
Total Expenditures	6,962,433	6,842,841	119,592	1.75%
Excess/ (Deficiency) of Revenues	\$ (742,162)	\$ 63,447	\$ (805,609)	-1269.74%
Other Financing Sources/ (Uses)	56,381	48,070	8,311	17.29%
Net Change in Fund Balance	\$ (685,781)	\$ 111,517	\$ (797,298)	-714.96%
Beginning Fund Balance	5,773,697	5,662,180	111,517	1.97%
Ending Fund Balance	\$ 5,087,916	\$ 5,773,697	\$ (685,781)	-11.88%

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

2010-11 General Fund Performance

Revenues	\$ 5,214,395
Expenditures	5,471,165
Excess of Expenditures	\$ (256,770)
Other Financing Sources (Uses)	
Transfers In	289,781
Transfers Out	(500,000)
Net Other Sources	\$ (210,219)
Increase (Decrease) to Fund Balance	(466,989)
Beginning Fund Balance	2,709,148
Ending Fund Balance	\$ 2,242,159
Restricted for Barkley Fields & Park	167,909
Unassigned	2,074,250

The General Fund ended the 2010-11 fiscal year with a fund balance of \$2,242,159, about \$467,000 less than the \$2.71 million on hand at June 30, 2010. This decrease resulted from the net impact of the fund's financial performance for the fiscal year, as summarized in the foregoing chart.

The General Fund experienced a reduction of revenue receipts during 2010-11. The following charts illustrate 2010-11 revenue performance contrasted with 2009-10 results of operation and 2010-11 revenue performance compared with budgetary expectations for the fiscal year.

Two-year Comparison of General Fund Revenues

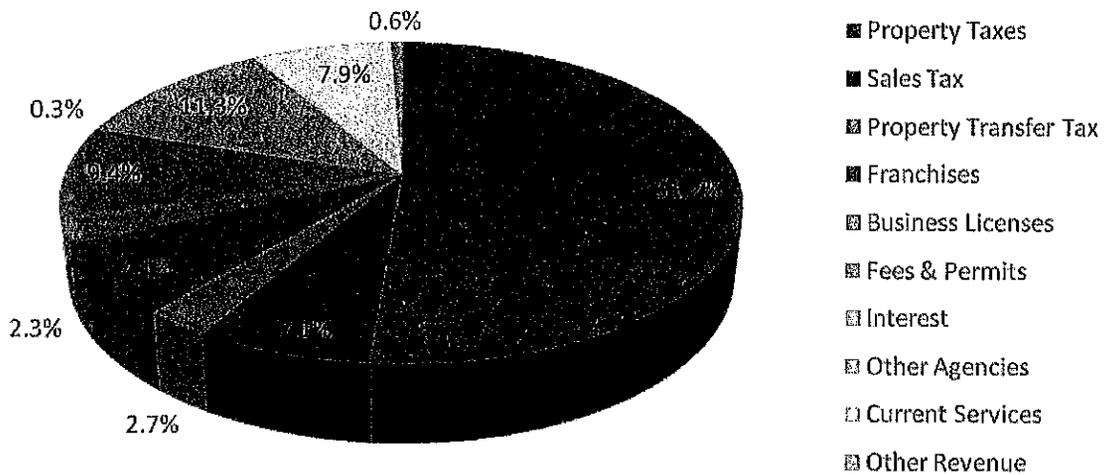
Category	2010-11	2009-10	Inc. (Dec.) \$	Inc. (Dec.) %
Property Taxes	\$ 2,672,342	\$ 2,726,757	\$ (54,415)	-2.0%
Sales Tax	368,071	332,450	35,621	10.7%
Property Transfer Tax	142,222	76,099	66,123	86.9%
Franchises	372,000	360,566	11,434	3.2%
Business Licenses	119,745	113,620	6,125	5.4%
Fees & Permits	491,722	614,785	(123,063)	-20.0%
Interest	14,333	28,020	(13,687)	-48.8%
Other Agencies	588,964	578,544	10,420	1.8%
Current Services	411,585	475,307	(63,722)	-13.4%
Other Revenue	33,411	32,570	841	2.6%
Total Revenues	\$ 5,214,395	\$ 5,338,718	\$ (124,323)	-2.3%

The General Fund recognized total revenues of \$5,214,394 in 2010-11, as compared with \$5,338,718 in 2009-10. This reflects a 2.3%, or a \$124,324, decrease.

2010-11 General Fund Revenues: Budget vs. Actual

Category	2010-11		Over/(Under) \$	Over/(Under) %
	Budget	Actual		
Property Taxes	\$ 2,651,389	\$ 2,672,342	\$ 20,953	0.8%
Sales Tax	370,872	368,071	(2,801)	-0.8%
Property Transfer Tax	100,000	142,222	42,222	42.2%
Franchises	348,400	372,000	23,600	6.8%
Business Licenses	136,000	119,745	(16,255)	-12.0%
Fees & Permits	750,000	491,722	(258,278)	-34.4%
Interest	51,000	14,333	(36,667)	-71.9%
Other Agencies	624,363	588,964	(35,399)	-5.7%
Current Services	435,050	411,585	(23,465)	-5.4%
Other Revenue	32,000	33,411	1,411	4.4%
Total Revenues	\$ 5,499,074	\$ 5,214,395	\$ (284,679)	-5.2%

Total General Fund revenues for 2010-11 were 5.2%, or about \$285,000, below the budgeted level. The following chart provides a depiction of the proportional contribution each category of revenue made to the General Fund in 2010-11.

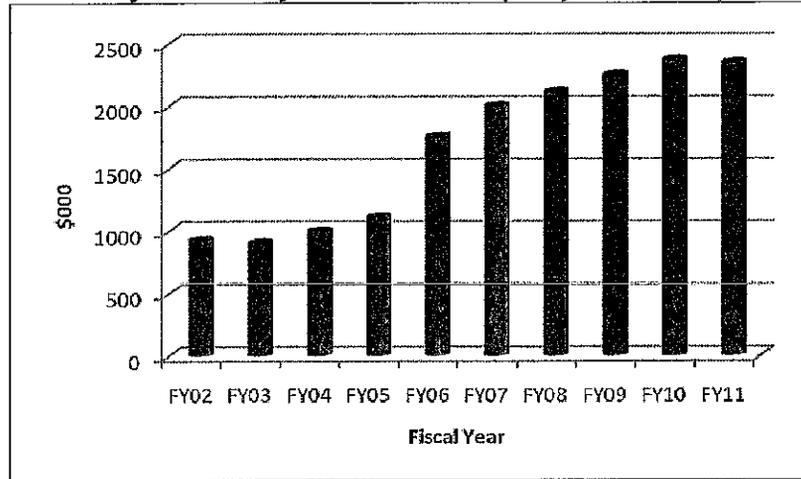


The three foregoing charts invite focused discussion of several of the General Fund's revenue sources:

- Property Taxes** are usually the General Fund's largest revenue source and in 2010-11, they comprised over one-half (51.2%) of revenues received for the fiscal year. As the second chart demonstrates, property taxes exceeded budgetary expectations by just less than 1%, or \$20,953. Property tax performance continued to be strong.

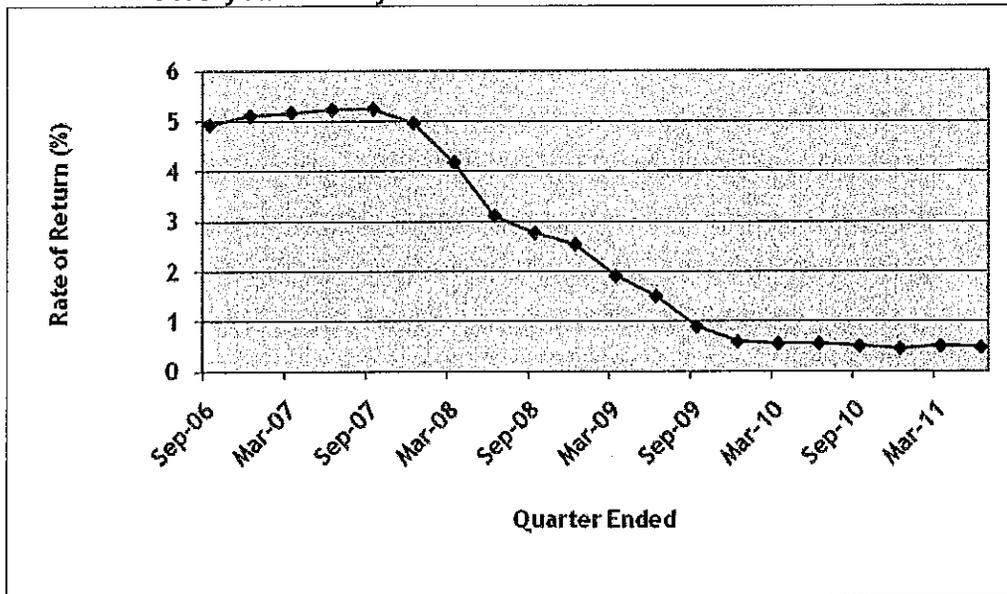
The most useful analysis of property taxes is derived by analyzing the change in the pattern of receipt of only current secured property taxes, which do not reflect one-time or prior year adjustments. The following chart shows how revenues from secured property taxes have grown over the last ten years, from about \$925,000 in 2001-02 to \$2.34 million in 2010-11. The chart reflects the Town's receipt beginning in 2005-06 of ongoing Tax Equity Allocation revenues, which increased the current secured property tax base by about \$650,000 a year. The chart reflects the "normalized" receipts for 2009-10, a year in which the State of California triggered the Proposition 1A local property tax shift and diverted about \$232,000 from the Town to help balance the state budget. These funds were backfilled by a bond sale coordinated by California Communities. Secured property tax receipts were about \$23,000, or 1%, less in 2010-11 than 2009-10.

Ten-year History of Secured Property Tax Receipts



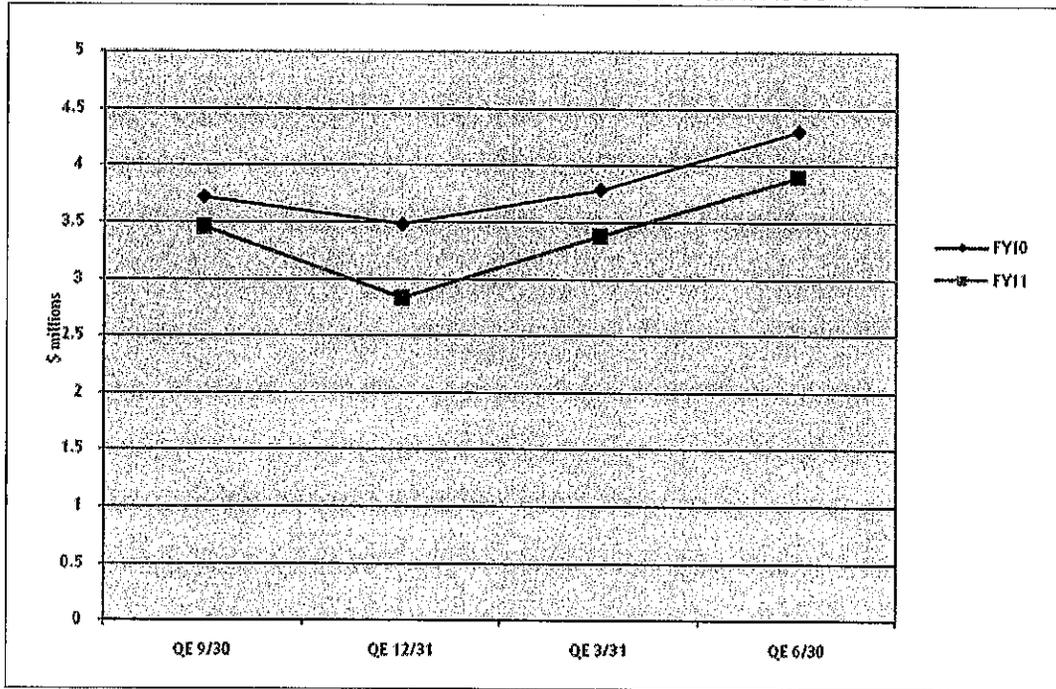
- Interest Income** came in nearly 72%, or \$36,667, below the budgeted level. Compared to 2009-10, interest earnings were down 48.8%, or \$13,687. One key aspect of the decrease was the continuing deterioration of the rate of return on invested idle cash. The average rate of return two years ago was 2.18%, fell to 0.66% in 2009-10, and was only 0.49% in 2010-11. 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. The Town invests solely in the Local Agency Investment Fund (LAIF). The rate of return that the Town earns is driven by the performance of the LAIF portfolio.

Five-year History of Rate of Return on Invested Cash

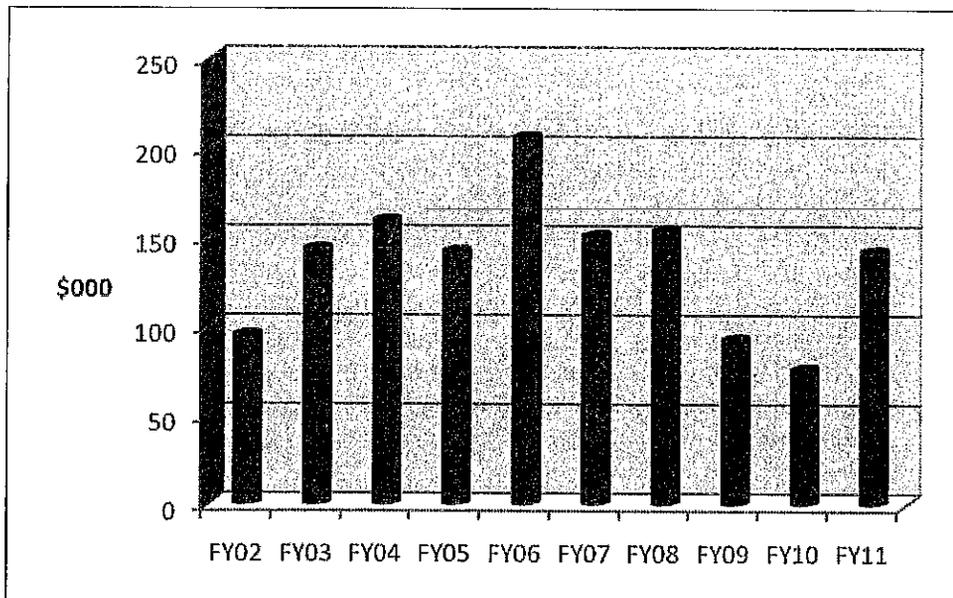


A second factor that impacts the Town's interest income is the amount of idle cash it has on hand to invest. The next chart compares idle General Fund cash for each quarter in 2010-11 as compared with 2009-10. Throughout the course of the year, the General Fund had less cash on hand than in the previous year. These two factors together led to the decrease in investment earnings for 2010-11.

General Fund Idle Cash: 2009-10 and 2010-11



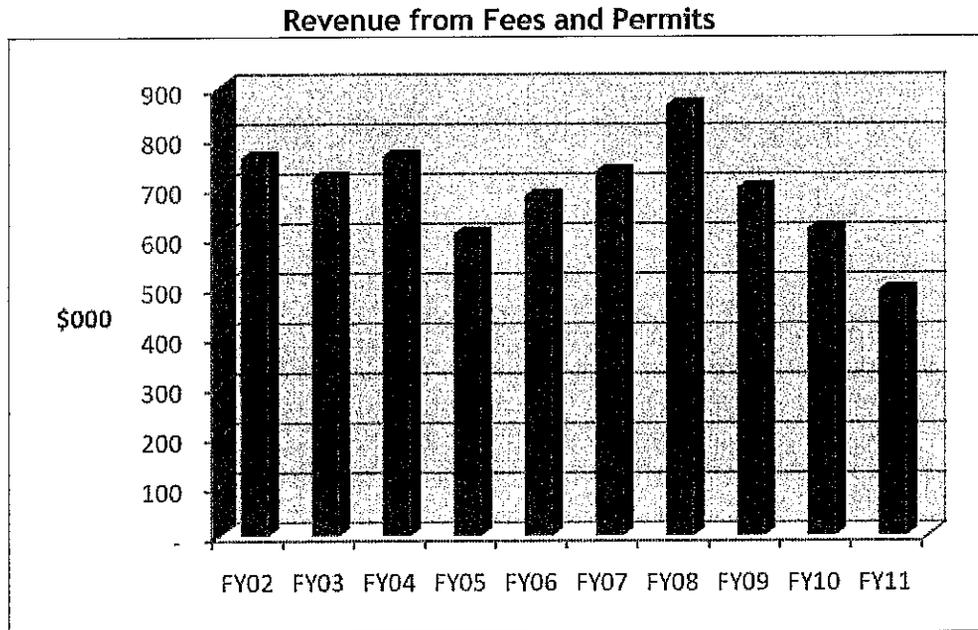
Property Transfer Taxes increased substantially in 2010-11, with \$142,222 received in 2010-11 versus \$76,099 received in 2009-10, an 86.9% increase. These taxes exceeded the budgeted level in 2010-11 by \$42,222, or 42.2%. This tax is assessed at the time that property is sold and is based upon the sales price of the real property. Receipt patterns are subject to the forces of the real estate market. The following chart demonstrates the ups and downs of this revenue source for the last ten years.



Property transfer taxes are 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. Revenues in 2009-10 were the lowest in the ten year period.

The high over the period was in 2005-06 when the Town received just over \$206,000. The Town receives 65¢ for every \$1,000 of sales price valuation, or \$650 per \$1,000,000. This means that about \$219 million of property traded hands in 2010-11, while \$117 million did so in 2009-10. Given Woodside's real estate market, it can take only the sale of a few properties to dramatically impact the performance of this revenue source.

- ☑ **Fees and Permits** decreased by about \$123,000 in 2010-11, a decline of 20.0%. Revenues from this source fell short of the budgeted level by \$258,279, or 34.4%. 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.



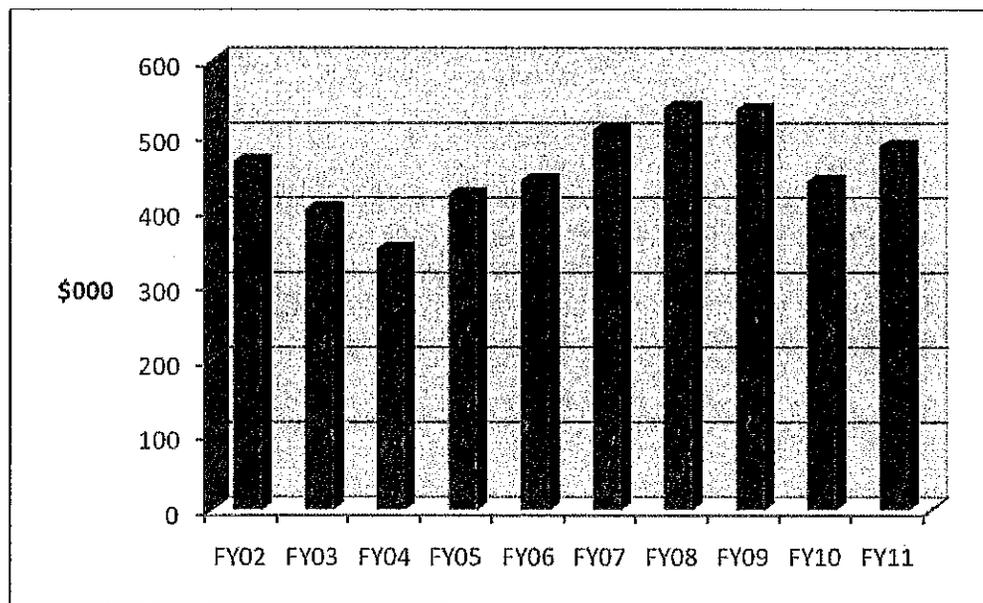
Fees and permit revenues are impacted by two factors: (1) the level of development activity and (2) the type of development activity. These factors must be considered together. For example, the level of activity may be very high, with several hundred permit applications submitted. If all of these applications 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 10.7%, or \$35,261, increase from the prior year's level and came in under 2010-11 budget levels by 0.8%, or \$2,801. 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 $\frac{1}{4}\%$ 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 2010-11 was the shift of \$117,730 in Town sales tax receipts to the State. This means, in effect, that the Town's actual sales tax receipts for the year were \$485,801. In 2009-10, the State diverted \$106,898 from the Town, which means that actual sales taxes that year were \$439,348.

The following chart illustrates the Town's sales tax receipts for the last ten years, "normalized" to include the portion of sales taxes shifted to the State.



- Current Services.** Revenues for Current Services decreased in 2010-11 from the 2009-10 level by \$63,722, or 13.4%. During 2009-10 the General Fund received nearly \$30,000 when the funds that supported the Town Center Pump Station debt service were closed and final fund balances were transferred to the General Fund.

The 2010-11 revenues of \$411,584 underperformed budgetary expectations by \$23,465 or 5.4%. Current services revenues can vary widely from year-to-year, depending largely upon unusual or unpredictable influences and activities that impact the Town.

- Other Agencies.** The Town receives revenues from other governmental agencies, primarily the State of California. In 2010-11, the Town received \$588,964 from this source. This was \$10,420 more than it received in 2009-10 and \$35,399 less than was included in the 2010-11 budget. These variances are attributable almost entirely to one State revenue: the Triple Flip reimbursement. As was discussed in the section on Sales Taxes, the State of California has been shifting 25% of local

sales tax revenues to its own coffers since 2004-05 to provide a revenue stream for retiring deficit reduction bonds approved by the voters in 2004. The State is supposed to make local agencies whole by shifting an equal amount from its General Fund back to the local agencies. The State bases its Triple Flip payments on its own annual estimates of local sales taxes. Unfortunately, these estimates vary from the actual receipts and the State is constantly attempting to address the difference between what it takes and what it gives back. The following chart summarizes the net position for the Town of Woodside after five fiscal years of dealing with the Triple Flip.

Triple Flip - Net Position

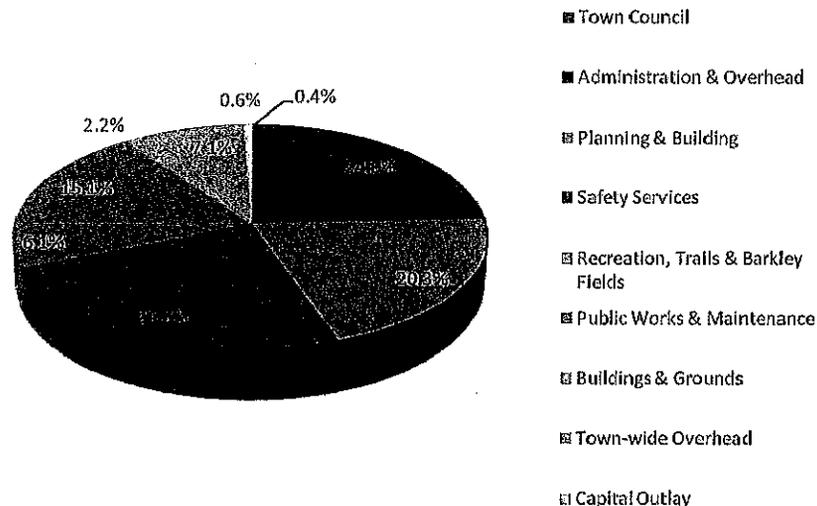
Fiscal Year	To State	From State	Difference
2004-05	\$ 82,775	\$ 74,609	\$ (8,166)
2005-06	104,388	112,630	\$ 8,242
2006-07	123,550	105,370	\$ (18,180)
2007-08	129,994	145,736	\$ 15,742
2008-09	130,076	140,587	\$ 10,511
2009-10	106,898	101,351	\$ (5,547)
2010-11	117,730	104,344	\$ (13,386)
Total	\$ 795,411	\$ 784,627	\$ (10,784)

As the table illustrates, the State attempts to make the Town whole in the fiscal year following an underpayment. After seven years, the Town is in a negative position of \$10,784. This process makes estimating revenue from the Triple Flip in any given year very difficult and leads to the variances discussed above.

In summary, General Fund revenues had a second subpar year, with revenues trailing both the 2009-10 actual and 2010-11 budgeted levels.

General Fund expenditures totaled \$5,471,165 in 2010-11, an increase of 0.9%, or \$49,844, from 2009-10, and \$263,195, or 4.6%, below the 2010-11 budgeted level.

The following chart provides an illustration of how the total expenditures for 2010-11 were categorized by department or program.



The following charts depict the differences between 2009-10 and 2010-11 and the budget versus actual for 2010-11.

Two-year Comparison of General Fund Expenditures

	2010-11	2009-10	Inc. (Dec.) \$	Inc. (Dec.) %
Town Council	\$ 20,122	\$ 45,227	\$ (25,105)	-55.5%
Administration & Finance	1,310,838	1,201,562	109,276	9.1%
Planning & Building Regulation	1,109,356	1,256,048	(146,692)	-11.7%
Buildings & Grounds	120,238	137,084	(16,846)	-12.3%
Town-wide Overhead	388,931	394,676	(5,745)	-1.5%
Safety Services	1,327,180	1,188,809	138,371	11.6%
Trails & Stables	48,297	40,613	7,684	18.9%
Public Works	825,136	891,123	(65,987)	-7.4%
Recreation & Open Space	288,142	250,828	37,314	14.9%
Capital Outlay	32,925	15,351	17,574	114.5%
Total Expenditures	\$ 5,471,165	\$ 5,421,321	\$ 49,844	0.9%

2010-11 General Fund Expenditures: Budget vs. Actual

	2010-11 Budget	2010-11 Actual	Over/(Under) \$	Over/(Under) %
Town Council	\$ 30,000	\$ 20,122	\$ (9,878)	-32.9%
Administration & Finance	1,306,557	1,310,838	4,281	0.3%
Planning & Building Regulation	1,194,148	1,109,356	(84,792)	-7.1%
Buildings & Grounds	217,790	120,238	(97,552)	-44.8%
Town-wide Overhead	403,200	388,931	(14,269)	-3.5%
Safety Services	1,347,690	1,327,180	(20,510)	-1.5%
Trails & Stables	60,281	48,297	(11,984)	-19.9%
Public Works	855,644	825,136	(30,508)	-3.6%
Recreation & Open Space	281,950	288,142	6,192	2.2%
Capital Outlay	37,100	32,925	(4,175)	-11.3%
Total Expenditures	\$ 5,734,360	\$ 5,471,165	\$ (263,195)	-4.6%

The **Town Council Department** expended \$25,105 less in 2010-11 than it did during 2009-10. This is the result of three major factors: (1) Municipal Elections are held in the odd numbered years and one was held in November of 2009, at a cost of \$11,000; (2) the Town's Environment Fest is held every other fiscal year and occurred in April of 2010, at a cost of about \$5,000; and (3) the cost of the Town's annual Volunteer Reception, about \$7,000, was not charged to this departmental budget in 2010-11, but was borne by the Town-wide Overhead Department. All three of these costs were incurred and charged to this department during 2009-10. The expenditures for this department were 32.9%, or \$9,878, below the budgeted amount in 2010-11, attributable largely to the mischarge of the Volunteer Reception.

Expenditures for the **Administration and Finance** program area increased by \$109,276 from 2009-10. This 9.1% increase is primarily attributable to the shift of the code enforcement program to this department. The salary and benefit costs associated with the Community Preservation Officer are about \$80,000 and the legal charges associated with the program are approximately \$30,000. The expenditures for this department were \$4,281 or 0.3% over budget.

Planning program costs decreased by \$146,692 or 11.7%. There were several reasons for this decrease. In 2010-11, the code enforcement program was moved to the Administration and Finance department. Consequently, the Planning Department spent approximately \$80,000 less in salary and benefit costs and \$30,000 less in legal costs. Additionally, in 2009-10 the department used the services of a contract professional planner to work on current planning projects while the Planning Director focused on the General Plan update process. The contract planner was not continued through 2010-11, resulting in about \$35,000 less in expenditures. The department underspent its 2010-11 budget by \$84,792, or 7.1%. The budget for professional services to support the environmental review phase of the General Plan Update was underexpended by about \$65,000 accounting for the most of the budget savings. This phase was not undertaken until 2011-12.

Expenditures for the Buildings and Grounds Department decreased by \$16,846, or 12.3%, during 2010-11. The reduction is mostly attributable to the water recycling demonstration project that the Town was working on during 2009-10. The Town expended \$10,839 in support of this project in 2009-10, before stopping work on the project in 2010-11. The department under-expended its 2010-11 budget by \$97,552, or 44.8%. The Town had budgeted \$80,000 in 2010-11 for a maintenance plan that included the replacement of the Town Center heating/ventilation/cooling (H/VAC) system and repainting Independence Hall. The painting was completed at a cost of \$21,675, but the replacement of the H/VAC system did not occur during the year.

Town-wide Overhead decreased by \$5,745 or 1.5%, from the 2009-10 level and the budget was under-expended by \$14,269, or 3.5%. General liability and property insurance was about \$13,635 below the budgeted level, accounting for the department budget savings. The year-to-year decrease is immaterial.

Safety Services increased by \$138,371, or 11.6%. This difference is attributable to the increased cost of about \$100,000 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 \$37,000 in 2010-11. The 2010-11 expenditures were \$20,510, or 1.5% below the budgeted level. The Defensible Space Matching Fund Program was underutilized by nearly \$18,000, accounting for most of the savings.

Expenditures for Trails and Stables increased by \$7,684 or 18.9%, during 2010-11. This increase is attributable to a slight increase in personnel and supplies costs. The 2010-11 budget was underexpended by \$11,984, or 19.9%. This budget savings reflects the fact that fewer major trail maintenance projects were undertaken than planned, resulting in lower expenses for supplies and equipment rental.

The Public Works program area experienced a decrease in expenditures of \$65,987, or 7.4% in 2010-11. The decrease is due primarily to a reduction in the utilization of outside plan check services. The Town spent approximately \$43,000 less for this service in 2010-11 than the previous year. Expenditures for 2010-11 were \$30,508, or 3.6%, under budget. Most of the savings was a result of spending approximately \$16,000 less than budgeted levels for back-up building inspection.

Finally, the Recreation and Open Space program area required \$37,314, or 14.9%, more in 2010-11 than it did in 2009-10. This increase is almost entirely the result of an increase in spending for yoga classes. The Town spent nearly \$31,000 more for this program in 2010-11 than in 2009-10. Expenditures for the Recreation and Open Space program area were \$6,192, or 2.2%, above budgeted levels for the year, which is also attributable to the yoga classes.

Despite the economic downturn, the Town's General Fund continues to be well positioned to cushion future operations from the effects of unforeseen circumstances and activities.

▫ **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. During 2010-11, the fund experienced a decrease in fund balance of \$118,726.

Revenues	\$	267,641
Expenditures		783,367
Excess of Expenditures	\$	(515,726)
Other Financing Sources (Uses)		
Transfers In		500,000
Transfers Out		(103,000)
Net Other sources	\$	397,000
Decrease to Fund Balance		(118,726)
Beginning Fund Balance		553,408
Ending Committed Fund Balance	\$	434,682

The Measure A Fund supports the Town's annual Road Program. A \$500,000 contribution is made every year from the General Fund to the Measure A Fund to supplement the funds available for road rehabilitation work. 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. During 2010-11, the Library Operations Fund experienced an increase in fund balances of \$72,181, which is highlighted in the following chart.

Revenues	\$	254,746
Expenditures		155,165
Excess of Expenditures	\$	99,581
Other Financing Sources (Uses)		
Transfers In		-
Transfers Out		(27,400)
Net Other sources	\$	(27,400)
Increase to Fund Balance		72,181
Beginning Fund Balance		2,020,331
Ending Restricted Fund Balance	\$	2,092,512

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 \$100,000 for routine maintenance. During 2010-11, the County and Town completed the planning work necessary for a major renovation of the library. The fund's healthy cash balances will be utilized to support this undertaking, likely in 2012-13.

▫ **Other Governmental Funds**

Included in this category are the Road Impact Fee, Gas Tax, Traffic Safety, and Supplemental Law Enforcement Services. Taken as a whole, the following chart reflects the performance of these funds during 2010-11.

2010-11 Performance of Other Governmental Funds	
Revenues	\$ 483,489
Expenditures	552,736
Excess of Expenditures	\$ (69,247)
Other Financing Sources (Uses)	
Transfers In	-
Transfers Out	103,000
Net Other Uses	\$ (103,000)
Decrease to Fund Balance	(172,247)
Beginning Fund Balance	490,810
Ending Fund Balance	\$ 318,563
Restricted for Traffic Safety	38,066
Restricted for Road Impact Fee	113,524
Restricted for Gas Tax	163,249
Restricted for Law Enforcement	10,212
Unassigned	(6,488)

These funds were previously detailed in the foregoing discussion of governmental activities. The net decrease of \$172,247 in fund balances is attributable as follows:

Fund	Net Change
Traffic Safety	\$ 10,173
Road Impact Fee	(229,879)
Gas Tax	49,053
Supplemental Law Enforcement	(1,594)
Total	\$ (172,247)

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.”

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 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 \$254,000. The components of these changes include:

Fund	Description	Amount
General	Support the replacement of the roof at Town Hall	\$25,000
General	Support pre-funding the post-retirement health benefits through the CalPERS California Employer’s Retiree Benefit Trust Program	\$100,000
General	Support total expenditures in the Barkley Fields and Park Operating Fund	\$13,250
General	Support the summer yoga class	\$20,000
General	Support ongoing operations of the Park	\$13,250
General	Support restoration efforts on the soccer field and baseball infield, installation of a new water valve cage, and the completion of landscaping along Woodhill Drive	\$12,200
General	Support the cost of implementing the mitigation measures required by the Final Environmental Impact Report for the demolition permit at 460 Mountain Home Road	\$70,300

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

Capital Assets

As of June 30, 2011, the Town had \$16.8 million, net of depreciation, invested in capital assets, as outlined in the following chart.

Two-year Comparison of Capital Assets, Net of Depreciation, at June 30th

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Total	Total
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373	\$ 9,468,373
Buildings & improvements	5,891,330	6,032,484	-	-	5,891,330	6,032,484
Machinery & Equipment	226,172	271,836	2	1,947	226,174	273,783
Computer Software	309,892	282,799	-	-	309,892	282,799
Pumps & Collection Systems	-	-	892,346	983,229	892,346	983,229
Total	\$ 15,895,767	\$ 16,055,492	\$ 892,348	\$ 985,176	\$ 16,788,115	\$ 17,040,668

The Town's Capital Assets are discussed in Note 5 to the Basic Financial Statements.

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

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, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 3)	\$6,132,988	\$697,524	\$6,830,512
Accounts and other receivables	548,627	3,252	551,879
Loans receivable (Note 4)		13,808	13,808
Capital assets (Note 5)			
Nondepreciable	9,468,373		9,468,373
Depreciable, net of accumulated depreciation	<u>6,427,394</u>	<u>892,348</u>	<u>7,319,742</u>
Total Assets	<u>22,577,382</u>	<u>1,606,932</u>	<u>24,184,314</u>
LIABILITIES			
Accounts payable and accrued liabilities	153,861	1,819	155,680
Compensated absences (Note 2G)	239,423		239,423
Deposits payable	1,439,838	13,808	1,453,646
OPEB liability - due in more than 1 year (Note 10)	<u>150,906</u>		<u>150,906</u>
Total Liabilities	<u>1,984,028</u>	<u>15,627</u>	<u>1,999,655</u>
NET ASSETS (Note 8)			
Invested in capital assets	<u>15,895,767</u>	<u>892,348</u>	<u>16,788,115</u>
Restricted for:			
Special revenue programs	<u>2,845,757</u>		<u>2,845,757</u>
Total Restricted Net Assets	<u>2,845,757</u>		<u>2,845,757</u>
Unrestricted	<u>1,851,830</u>	<u>698,957</u>	<u>2,550,787</u>
Total Net Assets	<u>\$20,593,354</u>	<u>\$1,591,305</u>	<u>\$22,184,659</u>

See accompanying notes to financial statements

TOWN OF WOODSIDE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

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	
Governmental Activities:						
Town council	\$20,122			(\$20,122)		(\$20,122)
Administration and finance	1,313,940	\$12,424		(1,301,516)		(1,301,516)
Planning and building regulation	1,114,145	539,830		(574,315)		(574,315)
Building and grounds	261,392	5,739		(255,653)		(255,653)
Town-wide overhead	393,715			(393,715)		(393,715)
Safety services	1,436,052	15,171	\$98,405	(1,322,476)		(1,322,476)
Trails and stables	48,297	29,250		(19,047)		(19,047)
Library services	132,172		245,343	113,171		113,171
Public works	2,107,236	218,128	611,071	(1,278,037)		(1,278,037)
Recreation and open space	288,142	124,895		(163,247)		(163,247)
Total Governmental Activities	7,115,213	945,437	954,819	(5,214,957)		(5,214,957)
Business-type Activities:						
Sewer revolving		23,976			\$23,976	23,976
Sewer utility	178,606	177,621			(985)	(985)
Town center pump sewer	74,873				(74,873)	(74,873)
Cañada Corridor sewer	24,474	9,300			(15,174)	(15,174)
Total Business-type Activities	277,953	210,897			(67,056)	(67,056)
Total	\$7,393,166	\$1,156,334	\$954,819	(5,214,957)	(67,056)	(5,282,013)
General revenues:						
Taxes						
Property taxes				2,672,342		2,672,342
Sales tax				368,071		368,071
Property transfer tax				142,222		142,222
Franchises				372,000		372,000
Business licenses				119,745		119,745
Fines and forfeiture				998		998
Interest				26,012	3,677	29,689
Other agencies				591,162		591,162
Other				27,463		27,463
Transfers (Note 6)				56,381	(56,381)	
Total general revenues and transfers				4,376,396	(52,704)	4,323,692
Change in Net Assets				(838,561)	(119,760)	(958,321)
Net Assets-Beginning				21,431,915	1,711,065	23,142,980
Net Assets-Ending				\$20,593,354	\$1,591,305	\$22,184,659

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

The Fund Financial Statements present 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.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the Town in fiscal 2011. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

To account for all general revenue and tax receipts and their allocation and expenditure.

LIBRARY OPERATIONS SPECIAL REVENUE FUND

To account for expenditures and revenues derived from the Town's membership in the San Mateo County Library System Joint Powers Agency.

MEASURE A SPECIAL REVENUE FUND

To account for the Town's share of a one-half cent sales tax revenue restricted for transportation purposes. Contributions from the General Fund, which are annually transferred to Measure A Fund to supplement the funds received from the tax are committed.

TOWN OF WOODSIDE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General	Library Operations	Measure A Funds	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 3)	\$3,287,433	\$2,090,979	\$439,931	\$314,645	\$6,132,988
Accounts and other receivables	503,601	2,233	18,276	24,517	548,627
Due from other funds (Note 6B)	17,758				17,758
Total Assets	\$3,808,792	\$2,093,212	\$458,207	\$339,162	\$6,699,373
LIABILITIES					
Accounts payable and accrued liabilities	\$126,795	\$700	\$23,525	\$2,841	\$153,861
Due to other funds (Note 6B)				17,758	17,758
Deposit Payable	1,439,838				1,439,838
Total Liabilities	1,566,633	700	23,525	20,599	1,611,457
FUND BALANCES (Note 8)					
Restricted	167,909	2,092,512		325,051	2,585,472
Committed			434,682		434,682
Unassigned	2,074,250			(6,488)	2,067,762
Total Fund Balances	2,242,159	2,092,512	434,682	318,563	5,087,916
Total Liabilities and Fund Balances	\$3,808,792	\$2,093,212	\$458,207	\$339,162	

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.

15,895,767

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:

OPEB Liability

(150,906)

Non-current portion of compensated absences

(239,423)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$20,593,354

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, 2011

	General	Library Operations	Measure A Funds	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$2,672,342				\$2,672,342
Sales tax	368,071				368,071
Property transfer tax	142,222				142,222
Franchises	372,000				372,000
Business licenses	119,745				119,745
Fees and permits	491,722			\$204,973	696,695
Fines and forfeiture	998			36,005	37,003
Interest	14,333	\$9,403	\$494	1,782	26,012
Other agencies	588,964	245,343	265,972	240,729	1,341,008
Current services	411,585				411,585
Other	32,413		1,175		33,588
Total Revenues	5,214,395	254,746	267,641	483,489	6,220,271
EXPENDITURES					
Current:					
Town council	20,122				20,122
Administration and finance	1,310,838				1,310,838
Planning and building regulation	1,109,356				1,109,356
Building and grounds	120,238				120,238
Town-wide overhead	388,931				388,931
Safety services	1,327,180			99,999	1,427,179
Trails and stables	48,297				48,297
Library services		132,172			132,172
Public works	825,136		783,367	452,737	2,061,240
Recreation and open space	288,142				288,142
Capital outlay	32,925	22,993			55,918
Total Expenditures	5,471,165	155,165	783,367	552,736	6,962,433
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(256,770)	99,581	(515,726)	(69,247)	(742,162)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 6)	289,781		500,000		789,781
Transfers (out) (Note 6)	(500,000)	(27,400)	(103,000)	(103,000)	(733,400)
Total Other Financing Sources (Uses)	(210,219)	(27,400)	397,000	(103,000)	56,381
NET CHANGE IN FUND BALANCES	(466,989)	72,181	(118,726)	(172,247)	(685,781)
BEGINNING FUND BALANCES	2,709,148	2,020,331	553,408	490,810	5,773,697
ENDING FUND BALANCES	\$2,242,159	\$2,092,512	\$434,682	\$318,563	\$5,087,916

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, 2011

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 (\$685,781)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays and certain expenditures 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. 32,925

Depreciation expense is deducted from fund balance (192,347)

Loss on capital asset deletion is deducted from the fund balance (303)

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):

OPEB expenses (734)
 Compensated absences 7,679

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$838,561)

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$2,651,389	\$2,651,389	\$2,672,342	\$20,953
Sales tax	370,872	370,872	368,071	(2,801)
Property transfer tax	100,000	100,000	142,222	42,222
Franchises	348,400	348,400	372,000	23,600
Business licenses	136,000	136,000	119,745	(16,255)
Fees and permits	750,000	750,000	491,722	(258,278)
Fines and forfeiture	2,000	2,000	998	(1,002)
Interest	51,000	51,000	14,333	(36,667)
Other agencies	624,363	624,363	588,964	(35,399)
Current services	435,050	435,050	411,585	(23,465)
Other	30,000	30,000	32,413	2,413
Total Revenues	5,499,074	5,499,074	5,214,395	(284,679)
EXPENDITURES:				
Current:				
Town council	30,000	30,000	20,122	9,878
Administration and finance	1,267,657	1,306,557	1,310,838	(4,281)
Planning and building regulation	1,110,048	1,194,148	1,109,356	84,792
Building and grounds	114,490	217,790	120,238	97,552
Town-wide overhead	409,500	403,200	388,931	14,269
Safety services	1,347,690	1,347,690	1,327,180	20,510
Trails and stables	26,511	60,281	48,297	11,984
Public works	817,444	855,644	825,136	30,508
Recreation and open space	236,500	281,950	288,142	(6,192)
Capital outlay	133,770	37,100	32,925	4,175
Total Expenditures	5,493,610	5,734,360	5,471,165	263,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,464	(235,286)	(256,770)	(21,484)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	289,781	289,781	289,781	
Transfers (out) (Note 6)	(500,000)	(500,000)	(500,000)	
Total Other Financing Sources (Uses)	(210,219)	(210,219)	(210,219)	
NET CHANGE IN FUND BALANCE	(\$204,755)	(\$445,505)	(466,989)	(\$21,484)
BEGINNING FUND BALANCE			2,709,148	
ENDING FUND BALANCE			\$2,242,159	

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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$25,000	\$25,000	\$9,403	(\$15,597)
Other agencies	100,000	100,000	245,343	145,343
Total Revenues	125,000	125,000	254,746	129,746
EXPENDITURES:				
Current:				
Library services	99,518	99,518	132,172	(32,654)
Capital outlay	900,000	900,000	22,993	877,007
Total Expenditures	999,518	999,518	155,165	844,353
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(874,518)	(874,518)	99,581	974,099
OTHER FINANCING SOURCES (USES)				
Transfers (out) (Note 6)	(27,400)	(27,400)	(27,400)	
Total Other Financing Sources (Uses)	(27,400)	(27,400)	(27,400)	
NET CHANGE IN FUND BALANCE	<u>(\$901,918)</u>	<u>(\$901,918)</u>	72,181	<u>\$974,099</u>
BEGINNING FUND BALANCE			2,020,331	
ENDING FUND BALANCE			<u>\$2,092,512</u>	

See accompanying notes to financial statements

TOWN OF WOODSIDE
MEASURE A SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$7,300	\$7,300	\$494	(\$6,806)
Other agencies	235,000	235,000	265,972	30,972
Other			1,175	1,175
Total Revenues	<u>242,300</u>	<u>242,300</u>	<u>267,641</u>	<u>25,341</u>
EXPENDITURES:				
Current:				
Public works	<u>854,222</u>	<u>854,222</u>	<u>783,367</u>	<u>70,855</u>
Total Expenditures	<u>854,222</u>	<u>854,222</u>	<u>783,367</u>	<u>70,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(611,922)</u>	<u>(611,922)</u>	<u>(515,726)</u>	<u>96,196</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 6)	500,000	500,000	500,000	
Transfers (out) (Note 6)	<u>(103,000)</u>	<u>(103,000)</u>	<u>(103,000)</u>	
Total Other Financing Sources (Uses)	<u>397,000</u>	<u>397,000</u>	<u>397,000</u>	
NET CHANGE IN FUND BALANCE	<u>(\$214,922)</u>	<u>(\$214,922)</u>	<u>(118,726)</u>	<u>\$96,196</u>
BEGINNING FUND BALANCE			<u>553,408</u>	
ENDING FUND BALANCE			<u>\$434,682</u>	

See accompanying notes to financial statements

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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 2011.

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, 2011

	Business-type Activities-Enterprise Funds				
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cañada Corridor Sewer	Totals
ASSETS					
Current Assets:					
Cash and investments (Note 3)	\$161,148	\$84,382	\$442,731	\$9,263	\$697,524
Accounts and other receivables	166	2,383	512	191	3,252
Loans receivable (Note 4)	13,808				13,808
Total Current Assets	175,122	86,765	443,243	9,454	714,584
Noncurrent Assets:					
Capital assets (Note 5)					
Depreciable, net of accumulated depreciation			524,120	368,228	892,348
Total Noncurrent Assets			524,120	368,228	892,348
Total Assets	175,122	86,765	967,363	377,682	1,606,932
LIABILITIES					
Current Liabilities:					
Accounts payable		1,819			1,819
Total Current Liabilities		1,819			1,819
Noncurrent Liabilities:					
Deferred revenue	13,808				13,808
Total Noncurrent Liabilities	13,808				13,808
Total Liabilities	13,808	1,819			15,627
NET ASSETS (Note 8)					
Invested in capital assets			524,120	368,228	892,348
Unrestricted, designated for:					
Sewer line attachments	161,314	84,946	443,243	9,454	698,957
Total Net Assets	\$161,314	\$84,946	\$967,363	\$377,682	\$1,591,305

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, 2011

	Business-type Activities-Enterprise Funds				Totals
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cafiada Corridor Sewer	
OPERATING REVENUES					
Charges for current services	\$23,976	\$177,621		\$9,300	\$210,897
Total Operating Revenues	23,976	177,621		9,300	210,897
OPERATING EXPENSES					
Salaries and related expenses		70,221			70,221
Outside services		372			372
Repairs and maintenance		107,492		7,040	114,532
Depreciation		521	\$74,873	17,434	92,828
Total Operating Expenses		178,606	74,873	24,474	277,953
Operating Income (Loss)	23,976	(985)	(74,873)	(15,174)	(67,056)
NONOPERATING REVENUES (EXPENSES)					
Interest income	670	788	2,179	40	3,677
Total Nonoperating Revenues (Expenses)	670	788	2,179	40	3,677
Income (Loss) Before Transfers	24,646	(197)	(72,694)	(15,134)	(63,379)
Transfers out (Note 6)	(5,945)	(25,403)	(22,046)	(2,987)	(56,381)
Net transfers	(5,945)	(25,403)	(22,046)	(2,987)	(56,381)
Change in net assets	18,701	(25,600)	(94,740)	(18,121)	(119,760)
BEGINNING NET ASSETS	142,613	110,546	1,062,103	395,803	1,711,065
ENDING NET ASSETS	<u>\$161,314</u>	<u>\$84,946</u>	<u>\$967,363</u>	<u>\$377,682</u>	<u>\$1,591,305</u>

See accompanying notes to financial statements

TOWN OF WOODSIDE
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds				
	Sewer Revolving	Sewer Utility	Town Center Pump Sewer	Cajada Corridor Sewer	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$24,004	\$178,237	\$114	\$9,123	\$211,478
Payments to suppliers		(119,107)		(7,040)	(126,147)
Payments to employees		(70,221)			(70,221)
Cash Flows from Operating Activities	24,004	(11,091)	114	2,083	15,110
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers (out)	(5,945)	(25,403)	(22,046)	(2,987)	(56,381)
Cash Flows from Noncapital Financing Activities	(5,945)	(25,403)	(22,046)	(2,987)	(56,381)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest	670	788	2,179	40	3,677
Cash Flows from Investing Activities	670	788	2,179	40	3,677
Net Cash Flows	18,729	(35,706)	(19,753)	(864)	(37,594)
Cash and investments at beginning of period	142,419	120,088	462,484	10,127	735,118
Cash and investments at end of period	<u>\$161,148</u>	<u>\$84,382</u>	<u>\$442,731</u>	<u>\$9,263</u>	<u>\$697,524</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$23,976	(\$985)	(\$74,873)	(\$15,174)	(\$67,056)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation		521	74,873	17,434	92,828
Change in assets and liabilities:					
Accounts receivable	28	616	114	(177)	581
Accounts payable and other liabilities		(11,243)			(11,243)
Cash Flows from Operating Activities	<u>\$24,004</u>	<u>(\$11,091)</u>	<u>\$114</u>	<u>\$2,083</u>	<u>\$15,110</u>

See accompanying notes to financial statements

FIDUCIARY FUNDS

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, 2011

	Agency Funds
ASSETS	
Cash and investments available for operations (Note 3)	\$420,350
Interest receivable	651
Total Assets	\$421,001
 LIABILITIES	
Accrued liabilities	\$307,137
Due to bondholders	113,864
Total Liabilities	\$421,001

See accompanying notes to financial statements

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 1 - GENERAL

The Town of Woodside is a residential community located in San Mateo County, California. The Town was incorporated November 16, 1956 and its population at June 30, 2011 was approximately 5,300. The Town operates under a Council-Manager form of government, with 7 elected Council members served by a full-time Town Manager and staff. At June 30, 2011, the Town's staff comprised 21 full-time employees who were responsible for the following services:

Public Works - The Town builds and maintains its trails, sewer lines, streets, and related public property with a force of 11 employees.

Planning and Building - The Town has 4 employees providing planning and building services.

General administrative services - The Town has 6 employees providing these services.

Public safety services are provided by the County Sheriff's Department under a contract with the Town.

Fire suppression and prevention services are provided by an independent special district.

Sewage treatment services are provided by other municipalities which bill the Town for its share of operating costs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of accounting policies of the Town:

A. Reporting Entity

These financial statements include the financial activities of the Town, which has no component units.

B. Basis of Presentation

The Town's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Statements require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the Town). These statements include the financial activities of the overall Town government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds and fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

C. Major Funds

The Town's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The Town may also select other funds it believes should be presented as major funds.

The Town reported the following major governmental funds in the accompanying financial statements:

General Fund is the general operating fund of the Town. It is used to account for all financial resources and expenditures except those required to be accounted for in another fund.

Library Operations Special Revenue Fund is used to account for expenditures and reimbursements derived from the Town's membership in the San Mateo County Library System Joint Powers Agency.

Measure A Special Revenue Fund is used to account for the Town's activities of its share of a one-half cent sales tax revenue restricted for transportation purposes and transfers from General Fund committed for transportation purposes.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reported all its enterprise funds as major funds in the accompanying financial statements:

Sewer Revolving is 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 is used to account for the operating costs and user fees associated with the Town Center Sewer District.

Town Center Pump Sewer is 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 rental needs of the District.

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

The Town also reports the following fund types:

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

D. Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Those revenues susceptible to accrual are taxes, interest revenue and charges for services. Fines, licenses and permits are not susceptible to accrual because they are not measurable until received in cash. Sewer revenues are billed and collected as part of San Mateo County property tax rolls prior to year end.

Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Town may fund programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The Town's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

E. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution during the last Town Council meeting in the month of June.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Proprietary Funds.
5. Budgets for the general, special revenue, and proprietary funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Budgeted amounts are as originally adopted or as amended by the Town Council. Individual amendments were not material in relation to the original appropriations which were amended.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property Taxes and Sewer Service Charges

County tax assessments include secured and unsecured property taxes, and charges for sewer service. Unsecured taxes are taxes on personal property. Tax assessments are secured by liens on the property being taxed.

Revenue is recognized in the period for which the tax and assessment is levied. The County of San Mateo levies, bills and collects property taxes for the Town. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Secured and unsecured property taxes are levied on January 1. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

G. Compensated Absences

The Town's liability for compensated absences is recorded in various Governmental funds or Proprietary funds as appropriate. The liability for compensated absences is determined annually, however, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. For all governmental funds, amounts expected to be permanently liquidated due to terminations are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

H. Deferred Compensation Plan

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

The laws governing deferred compensation plan assets required them to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the Town's property and are not subject to the Town control, they have been excluded from these financial statements.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the Town's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the Town's name and places the Town ahead of general creditors of the institution. The Town has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

The Town adjusts the carrying value of its investments to reflect their fair market value at each fiscal year end, and it includes the effects of these adjustments in interest income for that fiscal year.

B. Classification

The Town's total cash and investments, at fair value, are presented on the accompanying statement of net assets in the following allocations:

Cash and Investments	
Statement of Net Assets	\$6,830,512
Fiduciary Funds	<u>420,350</u>
Total cash and investments	<u><u>\$7,250,862</u></u>

C. Investments Authorized by the Town's Investment Policy

The Town's investment policy only authorizes investment in the local government investment pool administered by the State of California (LAIF) and certificates of deposits in California financial institutions. The Town's investment policy does not contain any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk, and concentration of credit risk.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Interest Rate Risk

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

Cash and investments as of June 30, 2011 consist of the following:

Local Agency Investment Fund	\$6,816,784
Cash in bank	433,678
Cash on hand	400
Total cash and investments	\$7,250,862

The Town is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Town reports its investment in LAIF at the fair value amount provided by LAIF. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligation, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2011, these investments matured in an average of 237 days.

E. Credit Rate Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized credit rating organization. LAIF does not have a rating provided by a nationally recognized credit rating organization.

NOTE 4 - LOANS RECEIVABLE

The Cañada Corridor Sewer Extension Project (Project) extended the Town Center Sewer System to approximately thirty additional properties in an area of Town that has experienced a high rate of private on-site septic system failures. The Town entered into a Developer Agreement with a private citizen/developer who had permits to build two new residences in the impacted area. The developer oversaw the Project, including the hiring of a contractor, using Town-approved plans and specifications. The Town completed the Project in fiscal 2005 and transferred the capital cost of \$480,299 to the Cañada Corridor Sewer Enterprise Fund.

The project was financed through a combination of private and public funds, including a \$100,000 contribution from the developer, down payments from the property owners who will connect to the system, and a contribution from the Town's Sewer Revolving Fund. It is anticipated that this contribution will be restored to the Town as area residents pay the remaining cost of each connection rights. The original repayment obligation amounted to \$234,784 and was secured by Recorded Deeds of Trust against each property. At June 30, 2011 the balance was \$13,808.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS

The Town defines capital assets as assets with an initial cost generally of \$1,000 or more and an estimated useful life in excess of two years except for land which is always capitalized.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The Town is required to record all its public domain (infrastructure) capital assets, which it has placed into service beginning in fiscal year 2004, include roads, curbs and gutters, streets and sidewalks, and drainage systems.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Town has assigned the useful lives listed below to capital assets:

Buildings and Improvements	20-50 years
Machinery and Equipment	5-20 years
Sewer Lines	30 years
Computer Software	10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers, other governments or individuals. These contributions are accounted for as revenues at the time the capital assets are contributed.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital asset activity during the fiscal year ended June 30, 2011 was as follows:

	Balance 2010	Additions	Deletions	Balance 2011
Governmental Activities				
Capital assets not being depreciated:				
Land	\$9,468,373			\$9,468,373
Total capital assets not being depreciated	9,468,373			9,468,373
Capital assets being depreciated:				
Buildings and improvements	7,057,683			7,057,683
Machinery and equipment	775,952	\$1,048	(\$1,513)	775,487
Computer software	333,341	31,877	(22,452)	342,766
Total capital assets being depreciated	8,166,976	32,925	(23,965)	8,175,936
Less accumulated depreciation for:				
Buildings and improvements	1,025,199	141,154		1,166,353
Machinery and equipment	504,116	46,409	(1,210)	549,315
Computer software	50,542	4,784	(22,452)	32,874
Total accumulated depreciation	1,579,857	192,347	(23,662)	1,748,542
Total depreciable assets	6,587,119	(159,422)	(303)	6,427,394
Governmental activity capital assets, net	<u>\$16,055,492</u>	<u>(\$159,422)</u>	<u>(\$303)</u>	<u>\$15,895,767</u>

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance 2010	Additions	Balance 2011
Business-type activities			
Capital assets being depreciated:			
Buildings and improvements	\$141,706		\$141,706
Machinery and equipment	9,727		9,727
Pumps and collections system	2,726,497		2,726,497
	<u>2,877,930</u>		<u>2,877,930</u>
Total capital assets being depreciated			
Less accumulated depreciation			
Buildings and improvements	141,706		141,706
Machinery and equipment	7,780	\$1,945	9,725
Pumps and collections system	1,743,268	90,883	1,834,151
	<u>1,892,754</u>	<u>92,828</u>	<u>1,985,582</u>
	1,892,754	92,828	1,985,582
	<u>\$985,176</u>	<u>(\$92,828)</u>	<u>\$892,348</u>
	\$985,176	(\$92,828)	\$892,348
	<u>\$985,176</u>	<u>(\$92,828)</u>	<u>\$892,348</u>

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program is as follows:

Governmental Activities	
Administration and finance	\$4,621
Planning and building regulation	7,154
Building and grounds	141,154
Town-wide overhead	4,784
Safety services	8,873
Public works	<u>25,761</u>
Total Governmental Activities	<u>\$192,347</u>
Business-Type Activities	
Sewer utility	\$521
Town center pump sewer	74,873
Cañada Corridor sewer	<u>17,434</u>
Total Business-Type Activities	<u>\$92,828</u>

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 6 - INTERFUND TRANSACTIONS

With Council approval, resources may be transferred from one Town fund to another. The purpose of the majority of transfers is to finance operations of the fund receiving the transfer. Less often, a transfer may be made to open or close a fund.

A. Transfers

Transfers between individual funds during the fiscal year ended June 30, 2011 are shown below. These transfers were generally made to reimburse the receiving fund for expenditures made on behalf of the fund making the transfer.

Fund Making Transfers	Fund Receiving Transfers	Amount
Major Governmental Funds		
General Fund	Measure A Special Revenue Fund	\$500,000 (a)
Library Operations Special Revenue Fund	General Fund	27,400 (b)
Measure A Special Revenue Fund	General Fund	103,000 (b)
Non-major Governmental Funds		
Non-major Governmental Funds	General Fund	103,000 (b)
Enterprise Funds		
Sewer Revolving Enterprise Fund	General Fund	5,945 (b)
Sewer Utility Enterprise Fund	General Fund	25,403 (b)
Town Center Pump Sewer Enterprise Fund	General Fund	22,046 (b)
Cañada Corridor Enterprise Fund	General Fund	2,987 (b)
		<u>\$789,781</u>

Purpose of transfer:

(a) General Fund contribution to Roads Program

(b) Overhead Cost Allocation

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2011, the Supplemental Law Enforcement Service Special Revenue Fund owed the General Fund \$17,758.

C. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 7 – LONG TERM DEBT WITHOUT TOWN COMMITMENT

A. Special Assessment District Bonds with no Town Commitment

In October 1999, the Woodside Road/Whiskey Hill Road Parking Assessment District issued \$1,435,000 Series 1999-A Bonds to refund the Series 1990-A Bonds and to fund construction costs for the project. The Town is the collecting and paying agent for the bond issued by the Woodside Road/Whiskey Hill Road Parking Assessment District. The outstanding amount of the bond as of June 30, 2011 was \$765,000.

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets are measured on the full accrual basis and are the excess of all the Town's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions which are determined only for proprietary funds and at the Government-wide level, and are described below:

Invested in Capital Assets, describes the portion of Net Assets which is represented by the current net book value of the Town's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the Town cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The Town's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the Town to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the Town prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Assets not expected to be converted to cash, such as prepaids and notes receivable are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the Town Council which may be altered only by formal action of the Town Council. Nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the Town's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Town Council or its designee and may be changed at the discretion of the Town Council or its designee. The Town Council has delegated the authority to the Town Manager to assign fund balance amounts to specific purposes when such purposes are enacted by the Town Council. This category includes: nonspendables, when it is the Town's intent to use proceeds or collections for a specific purpose; and residual fund balances, if any, of Special Revenue Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the Town's fund balances, as of June 30, 2011, are below:

	General Fund	Major Special Revenue Funds		Other Governmental Funds	Total
		Library Operations	Measure A		
Fund balances:					
Restricted for:					
Barkley Fields and Park	\$167,909				\$167,909
Library operations		\$2,092,512			2,092,512
Traffic safety				\$38,066	38,066
Road impact fee				113,524	113,524
Gas tax				163,249	163,249
California law enforcement equipment program				10,212	10,212
Committed to:					
Measure A			\$434,682		434,682
Unassigned:					
General fund	2,074,250				2,074,250
Supplemental law enforcement service				(6,488)	(6,488)
Total fund balances	<u>\$ 2,242,159</u>	<u>\$ 2,092,512</u>	<u>\$ 434,682</u>	<u>\$ 318,563</u>	<u>\$ 5,087,916</u>

C. General Fund Minimum Reserve Policy

The Town Council's Financial Management Policies establishes that adequate reserves must be developed and maintained, including a minimum reserve level of fifteen percent of estimated operating revenues for the Town's General Fund.

NOTE 9 - PERS PENSION PLAN

CALPERS Miscellaneous Employees Plans

Substantially all Town employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Town's employees participate in the Miscellaneous Employee Plan. Benefit provisions under both Plans are established by State statute and Town resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the Town must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2011, are summarized as follows:

Benefit vesting schedule	Miscellaneous 5 years service
Benefit payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2.0% - 2.5%
Required employee contribution rates	8%
Required employer contribution rates	12.167%

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 9 - PERS PENSION PLAN (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Town's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The Town uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation rate at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty year period.

As required by State law, effective July 1, 2005, the Town's Miscellaneous Plan was terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the Town true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Town satisfied its Miscellaneous Plan's unfunded liability of \$461,166 by agreeing to contribute that amount to the Side Fund through an addition to its normal contribution rates over the next 16 years. The required contributions, representing annual pension cost, and related rates for the year ended June 30 were as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$375,045	100%	---
2010	419,141	100%	---
2011	415,505	100%	---

The latest available actuarial values of the above State-wide pools (which differs from market value) and funding progress were set forth as follow. The information presented below relates to State-wide pools as a whole, of which the Town is one participating employer.

Statewide Pool Miscellaneous Plan:

Actuarial						
Actuarial Valuation Date	Entry Age Accrued Liability	Value of Assets	(Overfunded) Liability	Funded Ratio	Annual Covered Payroll	(Overfunded) Liability as % of Payroll
2007	\$1,315,454,361	\$1,149,247,298	\$166,207,063	87.4%	\$289,090,187	57.5%
2008	1,537,909,933	1,337,707,835	200,202,098	87.0%	333,307,600	60.1%
2009	1,834,424,640	1,493,430,831	340,993,809	81.4%	355,150,151	96.0%

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 9 - PERS PENSION PLAN (Continued)

The Town's Miscellaneous Plan represents approximately 0.60%, 0.65%, and 0.56% of the State-wide pool for the years ended June 30, 2009, 2008, and 2007, respectively, based on covered payroll of \$2,123,257; \$2,171,188 and \$1,615,667 for those years, respectively.

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB)

Effective October 1, 1990, all Town employees were enrolled in the PERS Health Care Plan. The Town provides postretirement healthcare benefits to eligible employees who retire directly from the Town. The Town pays healthcare coverage up to a cap for eligible retirees. This cap is calculated using the entry age normal method. This method is an actuarial cost method under which the Actuarial Present Value of the Projected Benefits of each individual included in the valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). During the fiscal year ended June 30, 2011 The Town paid \$16,908 premium on behalf of 3 retirees.

The Town of Woodside provides access to retiree medical benefits to employees who retire from the Town at age 50 or older with at least 5 years of service. Eligible retirees may choose coverage for themselves, a dependent spouse and dependent children. Retirees may choose among any of the health plans offered by CalPERS. The Town pays the entire monthly premiums for retirees' medical coverage. Retirees must pay the cost of spousal and dependent coverage.

The Town does not provide dental or vision or other benefits subject to GASB 45 accounting requirements. Eligible retirees may enroll in any of the available CalPERS medical plans. Town provided benefits continue for the life of the retiree.

During fiscal year 2011, the Town joined the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 3.75% discount rate for fiscal year 2010 and 7.75% for subsequent years; (b) 3.25% projected annual payroll increase;

The actuarial assumptions also included the following health care cost trend:

Calendar Year Beginning	Estimated Increase
January 1, 2011	7.9%
January 1, 2012	7.6%
January 1, 2013	7.3%
January 1, 2014	7.0%
January 1, 2015	6.7%
January 1, 2016	6.4%
January 1, 2017	6.1%
January 1, 2018	5.8%
January 1, 2019 and thereafter	5.5%

The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biennially as results are compared to past expectations and new estimates are made about the future. The Town's OPEB unfunded actuarial accrued liability is amortized over a closed 30-year period as a level percentage of payroll beginning with the 2010/11 fiscal year.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 10 -- POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permits contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability (AAL) when such contributions are placed in an irrevocable trust or equivalent arrangement. In fiscal year 2011, the Town made contribution \$734 less than the ARC as presented below:

Annual required contribution (ARC) and Annual OPEB cost	\$100,103
Contributions made:	
Contributions to OPEB Trust	82,461
City portion of current year premiums paid	16,908
Over (Under) contribution of ARC	(734)
 Net OPEB Obligation at June 30, 2010	 <u>(150,172)</u>
Net OPEB Asset (Obligation) at June 30, 2011	<u><u>(\$150,906)</u></u>

The Plan's annual required contributions and actual contributions for the year ended June 30, 2011 is set forth below:

Fiscal Year	Annual OPEB Cost (OC)	Actual Contribution	Percentage of OC	Net OPEB Asset (Obligation)
6/30/2010	\$156,417	\$6,245	4%	(\$150,172)
6/30/2011	100,103	99,369	99%	(150,906)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the July 1, 2009 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Overfunded (Underfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
7/1/2009	\$0	\$861,144	(\$861,144)	0%	\$2,381,978	(36.2%)
7/1/2011	0	567,294	(567,294)	0%	2,123,257	(26.7%)

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 11 - RISK MANAGEMENT

A. Risk Pools

The Town participates in the following public entity risk pools, other risks are covered by commercial insurance.

ABAG Plan Corporation (ABAG PLAN) covers general liability claims in an amount up to \$5,000,000. Town has also purchased additional insurance coverage of \$10,000,000 from Lexington Insurance Company and \$10,000,000 from the Insurance Company of the State of PA through ABAG in fiscal year 2011, making the total limit of liability \$25,000,000. The Town has a deductible or uninsured liability of up to \$25,000 per claim. Once the Town's deductible is met ABAG PLAN becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2011 the Town contributed \$51,365 for current year coverage.

The ABAG Plan pool is governed by a board consisting of representatives from member municipalities. The board controls the operations, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

Financial statements for ABAG PLAN may be obtained from ABAG, P.O. Box 2050, Oakland, California, 94604-2050.

The State Compensation Insurance Fund covers workers compensation claims up to \$200,000 each and has coverage above that limit to a maximum of \$1,000,000. The Town has no deductible for these claims. During the fiscal year ended June 30, 2011 the Town contributed \$117,498 for current year coverage.

B. Liability for Uninsured Claims

The Town has retained the risk for the deductible or uninsured portion of general liability claims. The Town's liability for uninsured claims at June 30, 2011 is believed by management to be nil based on the absence of any asserted claims.

NOTE 12 - 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 on 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 are 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.

TOWN OF WOODSIDE
Notes to Basic Financial Statements

NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town. Litigation outstanding in prior years has been settled without material cost to the Town.

NON-MAJOR GOVERNMENTAL FUNDS

TOWN OF WOODSIDE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Traffic Safety	Road Impact Fees	Gas Tax	Supplemental Law Enforcement Service
ASSETS				
Cash and investments	\$38,820	\$115,472	\$150,141	
Accounts and other receivables	38	101	13,108	\$11,270
Total Assets	\$38,858	\$115,573	\$163,249	\$11,270
LIABILITIES				
Accounts payable	\$792	\$2,049		
Due to other funds				\$17,758
Total Liabilities	792	2,049		17,758
FUND BALANCE				
Fund balance:				
Restricted	38,066	113,524	\$163,249	
Unassigned				(6,488)
Total Fund Balances	38,066	113,524	163,249	(6,488)
Total Liabilities and Fund Balances	\$38,858	\$115,573	\$163,249	\$11,270

SPECIAL
REVENUE
FUND

California Law Enforcement Equipment Program	Total Nonmajor Governmental Funds
\$10,212	\$314,645 24,517
<u>\$10,212</u>	<u>\$339,162</u>
	\$2,841 17,758
	<u>20,599</u>
\$10,212	325,051 (6,488)
<u>10,212</u>	<u>318,563</u>
<u>\$10,212</u>	<u>\$339,162</u>

TOWN OF WOODSIDE
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Traffic Safety	Road Impact Fees	Gas Tax	Supplemental Law Enforcement Service
REVENUES				
Fees and permits		\$204,973		
Fines and forfeiture	\$36,005			
Interest	139	976	\$667	
Other agencies			142,324	\$98,405
Total Revenues	36,144	205,949	142,991	98,405
EXPENDITURES				
Current:				
Safety services				99,999
Public works	25,971	332,828	93,938	
Total Expenditures	25,971	332,828	93,938	99,999
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,173	(126,879)	49,053	(1,594)
OTHER FINANCING SOURCES (USES)				
Transfers (out)		(103,000)		
Total Other Financing Sources (Uses)		(103,000)		
NET CHANGE IN FUND BALANCES	10,173	(229,879)	49,053	(1,594)
BEGINNING FUND BALANCES	27,893	343,403	114,196	(4,894)
ENDING FUND BALANCES	\$38,066	\$113,524	\$163,249	(\$6,488)

SPECIAL REVENUE FUND	
California Law Enforcement Equipment Program	Total Nonmajor Governmental Funds
	\$204,973
	36,005
	1,782
	<u>240,729</u>
	483,489
	99,999
	<u>452,737</u>
	552,736
	<u>(69,247)</u>
	(103,000)
	<u>(103,000)</u>
	(172,247)
<u>\$10,212</u>	<u>490,810</u>
<u><u>\$10,212</u></u>	<u><u>\$318,563</u></u>

TOWN OF WOODSIDE
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	TRAFFIC SAFETY			ROAD IMPACT FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fees and permits				\$350,000	\$204,973	(\$145,027)
Fines and forfeiture	\$30,000	\$36,005	\$6,005			
Interest	200	139	(61)	7,500	976	(6,524)
Other agencies	2,000		(2,000)			
Total Revenues	32,200	36,144	3,944	357,500	205,949	(151,551)
EXPENDITURES						
Current:						
Safety services						
Public works	27,700	25,971	1,729	320,107	332,828	(12,721)
Total Expenditures	27,700	25,971	1,729	320,107	332,828	(12,721)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,500	10,173	5,673	37,393	(126,879)	(164,272)
OTHER FINANCING SOURCES (USES)						
Transfers (out)				(103,000)	(103,000)	
Total Other Financing Sources (Uses)				(103,000)	(103,000)	
NET CHANGE IN FUND BALANCES	<u>\$4,500</u>	10,173	<u>\$5,673</u>	<u>(\$65,607)</u>	(229,879)	<u>(\$164,272)</u>
BEGINNING FUND BALANCES		27,893			343,403	
ENDING FUND BALANCES		<u>\$38,066</u>			<u>\$113,524</u>	

GAS TAXES			SUPPLEMENTAL LAW ENFORCEMENT SERVICE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$111,700	\$667 142,324	\$667 30,624	\$100,000	\$98,405	(\$1,595)
111,700	142,991	31,291	100,000	98,405	(1,595)
128,893	93,938	34,955	100,000	99,999	1
128,893	93,938	34,955	\$100,000	99,999	1
(17,193)	49,053	66,246		(1,594)	(1,594)
<u>(\$17,193)</u>	49,053	<u>\$66,246</u>		(1,594)	<u>(\$1,594)</u>
	114,196			(4,894)	
	<u>\$163,249</u>			<u>(\$6,488)</u>	

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AGENCY FUNDS

Agency Funds account for assets held by the Town as agent for individuals, governmental entities, and non-public organizations.

TOWN OF WOODSIDE
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>1999 Woodside Road/Whiskey Hill Road Parking District</u>				
<u>Assets</u>				
Cash and investments available for operations	\$127,420	\$116,386	\$130,041	\$113,765
Interest receivable	126	99	126	99
	<u>\$127,546</u>	<u>\$116,485</u>	<u>\$130,167</u>	<u>\$113,864</u>
<u>Liabilities</u>				
Due to bondholders	<u>\$127,546</u>	<u>\$116,485</u>	<u>\$130,167</u>	<u>\$113,864</u>
<u>Trails Gifts & Donations Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$40,836	\$609	(\$47)	\$41,492
Interest receivable	55	47	55	47
	<u>\$40,891</u>	<u>\$656</u>	<u>\$8</u>	<u>\$41,539</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$40,891</u>	<u>\$656</u>	<u>\$8</u>	<u>\$41,539</u>
<u>Mathisen House</u>				
<u>Assets</u>				
Cash and investments available for operations	\$7,380	\$28	(\$9)	\$7,417
Interest receivable	10	9	10	9
	<u>\$7,390</u>	<u>\$37</u>	<u>\$1</u>	<u>\$7,426</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$7,390</u>	<u>\$37</u>	<u>\$1</u>	<u>\$7,426</u>
<u>Marva Oaks</u>				
<u>Assets</u>				
Cash and investments available for operations	\$20,548	\$79	(\$24)	\$20,651
Interest receivable	27	24	27	24
	<u>\$20,575</u>	<u>\$103</u>	<u>\$3</u>	<u>\$20,675</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$20,575</u>	<u>\$103</u>	<u>\$3</u>	<u>\$20,675</u>

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Town Hall Window Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$5,927	\$22	(\$7)	\$5,956
Interest receivable	8	7	8	7
	<u>\$5,935</u>	<u>\$29</u>	<u>\$1</u>	<u>\$5,963</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$5,935</u>	<u>\$29</u>	<u>\$1</u>	<u>\$5,963</u>
<u>Barkley Reserve Deposit Fund</u>				
<u>Assets</u>				
Cash and investments available for operations	\$229,920	\$684	(\$465)	\$231,069
Interest receivable	507	465	507	465
	<u>\$230,427</u>	<u>\$1,149</u>	<u>\$42</u>	<u>\$231,534</u>
<u>Liabilities</u>				
Accrued liabilities	<u>\$230,427</u>	<u>\$1,149</u>	<u>\$42</u>	<u>\$231,534</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash and investments available for operations	\$432,031	\$117,808	\$129,489	\$420,350
Interest receivable	733	651	733	651
	<u>\$432,764</u>	<u>\$118,459</u>	<u>\$130,222</u>	<u>\$421,001</u>
<u>Liabilities</u>				
Accrued liabilities	\$305,218	\$1,974	\$55	\$307,137
Due to bondholders	127,546	116,485	130,167	113,864
	<u>\$432,764</u>	<u>\$118,459</u>	<u>\$130,222</u>	<u>\$421,001</u>

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