

TOWN OF WOODSIDE, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013

Prepared by:

Kevin Bryant
Town Manager

Cindy Safe
Senior Management Analyst

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Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

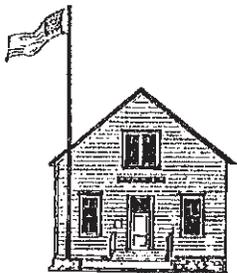
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Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

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The Town of
Woodside

March 31, 2014

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

We are pleased to submit the Town of Woodside Basic Financial Statements for the fiscal year ended June 30, 2013. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

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

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

The Town's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial

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statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the Town's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Town of Woodside

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

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

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

The Town Council serves as the policy board for the municipality. As an elected Board of Directors, the Town Council provides policy direction, establishes goals, and sets priorities for the Town government. In addition to serving as the

policy makers for the community, the Town Council also is responsible for numerous land use decisions within its borders, including the General Plan. The Town Council appoints the Town Manager, Town Attorney, and all members of advisory boards, committees and commissions.

Current Economic Conditions and Outlook

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

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

Financial Information

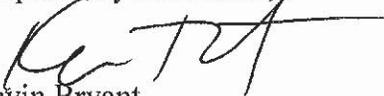
During the past fiscal year, there were no changes to the Town's financial policies or items in which policies impacted the financial information or presentation. Information concerning significant accounting policies affecting the finances of the Town is summarized in the Notes to the Financial Statements.

Awards and Acknowledgements

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

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

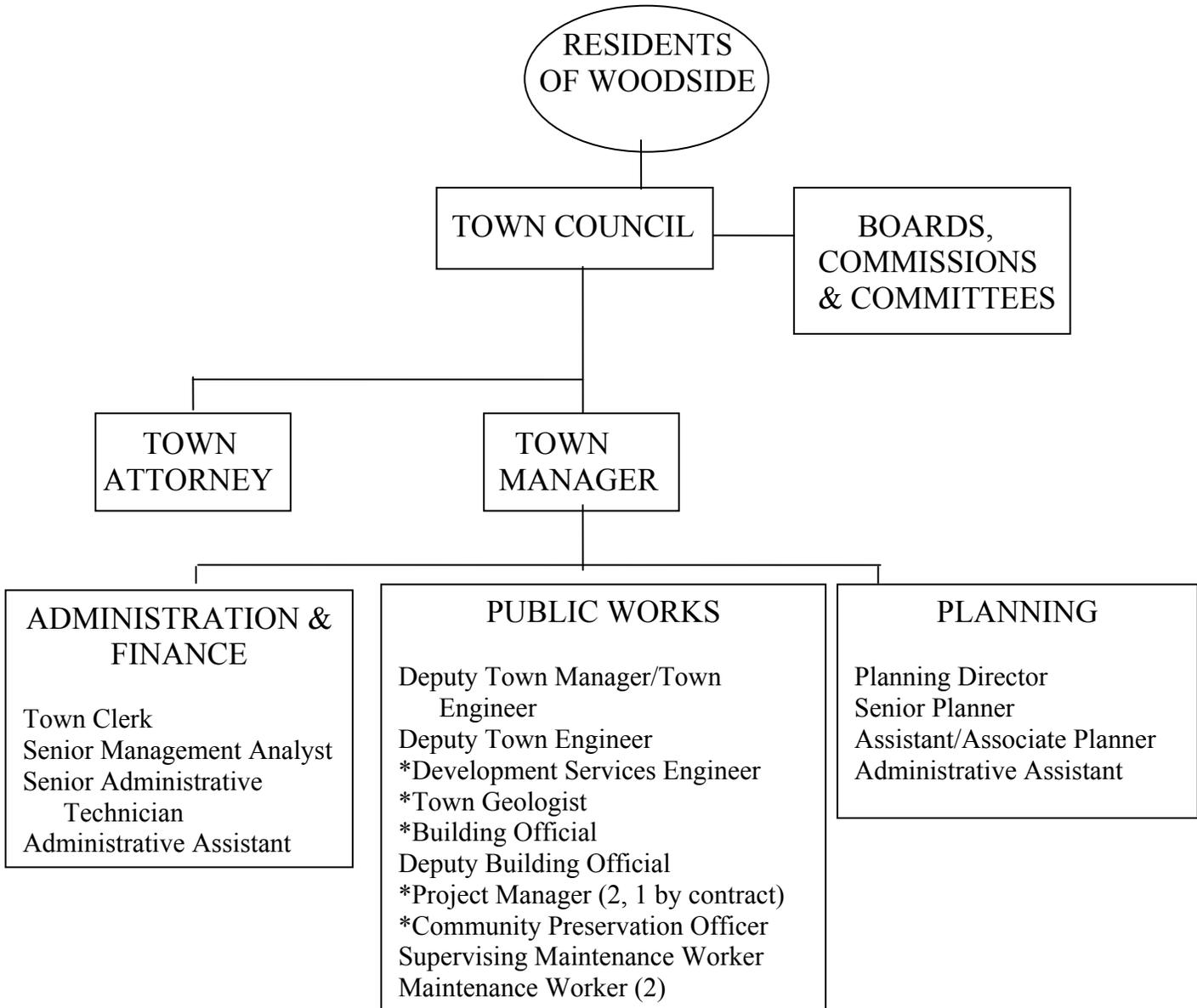
Respectfully Submitted,


Kevin Bryant
Town Manager

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Organization Chart

TOWN OF WOODSIDE
ORGANIZATION CHART



* Position filled by contract services

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

List of Officials

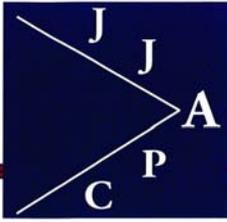
TOWN COUNCIL

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

TOWN OFFICIALS

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

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis information on pages 3-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

March 31, 2014

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the Town of Woodside (Town) for the fiscal year ended June 30, 2013. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- ◆ As of June 30, 2013, total assets of the Town exceeded its liabilities by \$21,982,791 (net position). The portion of net position that may be used to meet the government's ongoing obligations (unrestricted net position) is \$2,781,649. The portion of net position that is restricted and may only be used for specific purposes is \$2,968,617. The remaining \$16,232,525 is invested in capital assets (page 6).
- ◆ As of June 30, 2013, the Town's Governmental Activities reported combined net position of \$20,770,671, of that, \$2,968,617 is restricted special revenue funds (page 6).
- ◆ As of June 30, 2013, the Town's governmental funds reported combined ending fund balances of \$5,624,321. Of that amount \$2,968,617 is restricted because it represents resources that are required to be spent for specific purposes as provided by an external source. The remaining fund balance of \$2,655,704 is unassigned and represents the General Fund and a deficit fund balance in the Supplemental Law Enforcement Service Non-Major Special Revenue Fund (pages 34 and 35).
- ◆ Capital assets, net of depreciation, decreased to \$16,232,525 (page 6) from \$16,487,707 in fiscal year (FY) 2012.

OVERVIEW OF FINANCIAL STATEMENTS

This Annual Financial Report is in two major parts:

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

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Town's financial activities and financial position.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

The Government-wide Financial Statements

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

For the fiscal year ended June 30, 2013, the Town's major funds are as follows:

GOVERNMENTAL FUNDS:

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

PROPRIETARY FUND:

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

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

Fund Financial Statements, Continued

FIDUCIARY FUNDS:

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

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

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

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

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

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

Fund Financial Statements, Continued

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 61-84 of this report. Required Supplementary Information follows the notes on page 85.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 87-104 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

In the case of the Town, total assets exceeded liabilities by \$21,982,791 as of June 30, 2013.

The Summary of Net Position, governmental and business-type (page 29), as of June 30, 2013, and compared to June 30, 2012, is as follows:

Summary of Net Position

	2013			2012			Total change	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Amount	Percent
Current and other assets	\$ 7,205,717	\$ 508,901	\$ 7,714,618	\$ 7,092,879	\$ 582,285	\$ 7,675,164	\$ 39,454	0.5%
Noncurrent assets	15,521,942	710,583	16,232,525	15,687,666	800,041	16,487,707	(255,182)	-1.5%
Total assets	<u>22,727,659</u>	<u>1,219,484</u>	<u>23,947,143</u>	<u>22,780,545</u>	<u>1,382,326</u>	<u>24,162,871</u>	<u>(215,728)</u>	<u>-0.9%</u>
Current and other liabilities	1,581,396	7,364	1,588,760	1,670,935	12,195	1,683,130	(94,370)	-5.6%
Long-term liabilities	375,592	-	375,592	411,650	-	411,650	(36,058)	-8.8%
Total liabilities	<u>1,956,988</u>	<u>7,364</u>	<u>1,964,352</u>	<u>2,082,585</u>	<u>12,195</u>	<u>2,094,780</u>	<u>(130,428)</u>	<u>-6.2%</u>
Net position:								
Net invested in capital assets	15,521,942	710,583	16,232,525	15,687,666	800,041	16,487,707	(255,182)	-1.5%
Restricted	2,968,617	-	2,968,617	3,006,672	-	3,006,672	(38,055)	-1.3%
Unrestricted	<u>2,280,112</u>	<u>501,537</u>	<u>2,781,649</u>	<u>2,003,622</u>	<u>570,090</u>	<u>2,573,712</u>	<u>207,937</u>	<u>8.1%</u>
Total net position	\$ 20,770,671	\$ 1,212,120	\$ 21,982,791	\$ 20,697,960	\$ 1,370,131	\$ 22,068,091	\$ (85,300)	-0.4%

The total net position for the Town are *governmental and business activities* presented in the above table; the following narrative will discuss the differences in *governmental activity* assets and the *business-type activity* assets from FY 2012 to FY 2013.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- The Town’s current and other assets include the sub-categories of available Cash and Investment accounts and various receivables, which are all discussed in detail below. Overall in the current and other assets category, there was a 0.5% total increase from FY 2012.
- The increase in *governmental activity* Cash and Investments is the net result of the changes that occurred in various funds that make up *governmental activities*, as shown in the following table:

Fund	6/30/2013	6/30/2012	Change
General Fund	\$ 4,072,875	\$ 3,561,882	\$ 510,993
Library Fund	2,331,309	2,466,155	(134,846)
Measure A Fund	357,460	291,691	65,769
Nonmajor Governmental Funds	255,479	211,197	44,282
Total	\$ 7,017,123	\$ 6,530,925	\$ 486,198

- ◆ The increase of **General Fund** Cash and Investments of \$510,993 is mostly due to an increase in the fee and permits revenue. The various planning, building, and administrative fees and permits increased 12.02% from last fiscal year. This increase is due to increased fees as well as the number of permits processed (discussed in more depth on page 18). In addition to an increase in fees, there has also been a 4.87% increase in secured property taxes from last year.
- ◆ There is a decrease in the **Library Operations Fund** of \$134,846. The Library Fund supports the Town’s share of the operation and maintenance of the library facility. The Town is a party to a Joint Powers Agreement (JPA) between cities within San Mateo County. Woodside is a ‘donor City’ which means the County deposits property tax revenue received in excess of the costs to the JPA to operate the library into a trust account. In FY 2012 the Town received the normal distribution of the excess property tax revenue from the County, but in FY 2013 the San Mateo Library JPA began holding the excess revenue and discontinued payments to the Town of Woodside which resulted in a decrease in the revenue and the cash balance of the Library Fund from last year. Woodside’s separate library account balance with the JPA is \$471,161.
- ◆ The **Measure A Fund** accounts for the Town’s share of a county-wide half-cent sales tax that is dedicated to transportation related projects. The road rehabilitation Program for FY 2013 included increases in capital projects which were not completely expensed at year end, resulting in an increase in fund balance of \$65,769. The additional capital projects included the Woodside Road Safety Improvement Project, bridge repair planning documents for three of the Town’s older bridges (on Portola, Mountain Home, and Kings Mountain Roads), and repair of two storm drain facilities located on Canada and Kings Mountain Roads (due to a December 2012 storm).

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- ◆ The Town’s **Nonmajor Governmental Funds** account for an overall decrease of \$44,282 in Cash and Investments, for several funds. The individual funds and their balances are in the table below:

Fund	6/30/2013	6/30/2012	Change
Traffic Safety	\$ 40,310	\$ 42,851	\$ (2,541)
Road Impact Fee	127,569	16,091	111,478
Gas Tax	74,435	139,090	(64,655)
Supplemental Law Enforcement Service	2,953	2,953	-
California Law Enforcement Equipment Program	10,212	10,212	-
Total	\$ 255,479	\$ 211,197	\$ 44,282

- For FY 2013 the **Traffic Safety Fund** continued to have fairly stable revenues from civil fines and costs were close to budget. For the **Road Impact Fee Fund**, the collection of road impact fees was over budget by \$112,909 in FY 2013, due to increased permits which drive road impact fees and increase the cash balance accordingly. The **Gas Tax Fund** reflects a decrease of \$64,655 from FY 2012 due to an intentional drawdown of fund balance through budgeted expenses and a \$12,107 decrease in expected gas tax revenues for FY 2013. There was no change in the **California Law Enforcement Equipment Fund** and **Supplemental Law Enforcement Service Fund**.
- The change in total receivables accounts, (the second sub-category of current assets in the table on page 6) from \$561,954 as at the end of FY 2012 to \$188,594 for *governmental activities* was a decrease of \$373,360 mostly due to the fact that 60 days after the fiscal year ended San Mateo County had not paid the last Tax Equity Allocation (TEA) payment (and the amount was unknown), which we had received the previous year (See page 11 for more detail). There are no long-term (greater than 60 days) accounts receivables.
- **Business-type activity** Total current assets decreased by \$73,384 at the end of FY 2013, because the Town’s sewer expenses exceeded revenue in FY 2013 and this has reduced the cash balance of the Sewer funds.
- Noncurrent assets, as shown on page 6, which are invested in capital assets, decreased by \$255,182. This reflects the net of activity involving the addition, retirement, and depreciation of capital assets. **Note 4 to the Basic Financial Statements** includes a summary of activity that impacted capital assets during FY 2013, which for *governmental* assets includes:

Net reductions to machinery and equipment	\$ 3,845
Less, additions to accumulated depreciation	(169,569)
Net reductions to capital assets	\$ (165,724)

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- ◆ There was a purchase of new computers and servers (replacement of outdated equipment) at Town Hall, and that is the reason why the depreciation was less than the additions to the machinery and equipment category.
- ◆ Total accumulated depreciation for business-type activity added an additional \$89,458.
- ◆ Current Liabilities for *government activities* decreased \$89,539 due to:
 - ◆ A decrease of \$16,963, in Accounts Payable from \$175,650 to \$158,687. This decrease is due to a decrease in Accounts which were paid in July and August for FY 2013 expenses and accrued to FY 2013, and
 - ◆ A decrease of \$72,576, in Deposits Payable from \$1,495,285 to \$1,422,709, due to an effort to drawdown the deposits payable, despite an increase of Deposits paid for applications in FY 2013.
- ◆ Decrease in *business-type activity* current and other liabilities of \$4,831, is a result of the reduced Cañada Sewer loan balance (owed by property owners).
- Decrease in *government activities* Long-Term Liabilities of \$36,058 was due to:
 - ◆ Compensated absences decreased, \$37,141, from last fiscal year from \$258,860 to \$221,719 due to decreased compensated absences that were not yet paid out in FY 2013, and
 - ◆ Other Post-Employment Benefits (OPEB) liability increasing \$1,083 (see **Note 11**).

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

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2013, and 2012, follows (pages 30 and 31):

	Changes in Net Position					
	2013			2012		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 1,671,734	\$ 227,489	\$ 1,899,223	\$ 1,434,049	\$ 168,223	\$ 1,602,272
Grants and contributions:						
Operating	533,447	-	533,447	529,732	-	529,732
Capital	164,363	-	164,363	5,492	-	5,492
General revenues:						
Property taxes and assessments	2,797,371	-	2,797,371	3,357,757	-	3,357,757
Sales tax	397,191	-	397,191	464,623	-	464,623
Property transfer tax	235,472	-	235,472	161,828	-	161,828
Franchises	411,309	-	411,309	391,627	-	391,627
Business licenses	119,530	-	119,530	117,805	-	117,805
Fines and forfeitures	78,821	-	78,821	80,006	-	80,006
Use of money and property	11,384	2,143	13,527	19,159	2,803	21,962
Other general revenues	180,501	-	180,501	692,873	-	692,873
Total revenues	6,601,123	229,632	6,830,755	7,254,951	171,026	7,425,977
Expenses:						
Governmental activities:						
Town Council	25,672	-	25,672	32,050	-	32,050
Administration and Finance	1,108,627	-	1,108,627	1,483,954	-	1,483,954
Planning Department	663,449	-	663,449	795,213	-	795,213
Buildings and Grounds	115,165	-	115,165	248,325	-	248,325
Town-wide Overhead	346,401	-	346,401	424,433	-	424,433
Safety Services	1,584,898	-	1,584,898	1,547,726	-	1,547,726
Trails and Stables	75,374	-	75,374	57,719	-	57,719
Barkley Fields	251,007	-	251,007	218,521	-	218,521
Library Services	122,903	-	122,903	94,284	-	94,284
Public Works	2,189,556	-	2,189,556	2,161,058	-	2,161,058
Recreation and Open Space	99,886	-	99,886	146,993	-	146,993
Business-type activities:						
Sewer Capital Improvement	-	26,629	26,629	-	-	-
Sewer Utility	-	162,815	162,815	-	173,307	173,307
Town Center Pump Sewer	-	119,873	119,873	-	128,631	128,631
Cañada Corridor Sewer	-	23,800	23,800	-	30,331	30,331
Total expenses	6,582,938	333,117	6,916,055	7,210,276	332,269	7,542,545
Excess (Deficiency) of revenues over expenditures before transfers	18,185	(103,485)	(85,300)	44,675	(161,243)	(116,568)
Transfers	54,526	(54,526)	-	59,931	(59,931)	-
Change in net position	72,711	(158,011)	(85,300)	104,606	(221,174)	(116,568)
Net position:						
Beginning of year	20,697,960	1,370,131	22,068,091	20,593,354	1,591,305	22,184,659
End of year	\$ 20,770,671	\$ 1,212,120	\$ 21,982,791	\$ 20,697,960	\$ 1,370,131	\$ 22,068,091

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities - Revenues

The Town's total revenues for governmental and business-type activities were \$6,830,755 for the fiscal year ended June 30, 2013. Approximately 79% of the Town's revenues are generated from three major sources, Charges for Services, Property Taxes and Assessments, and Grants and Contributions.

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

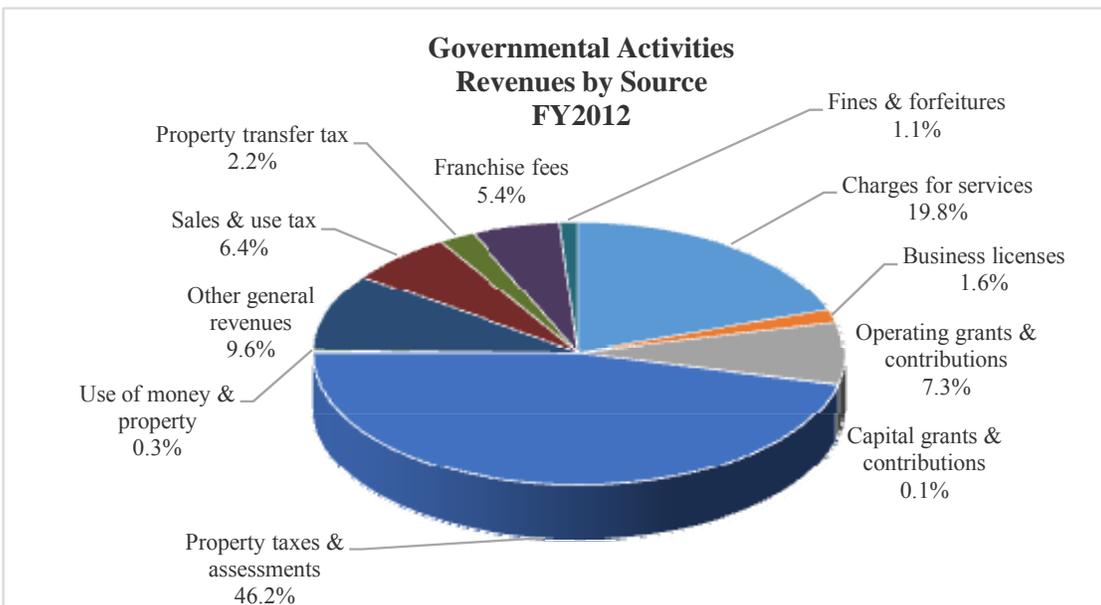
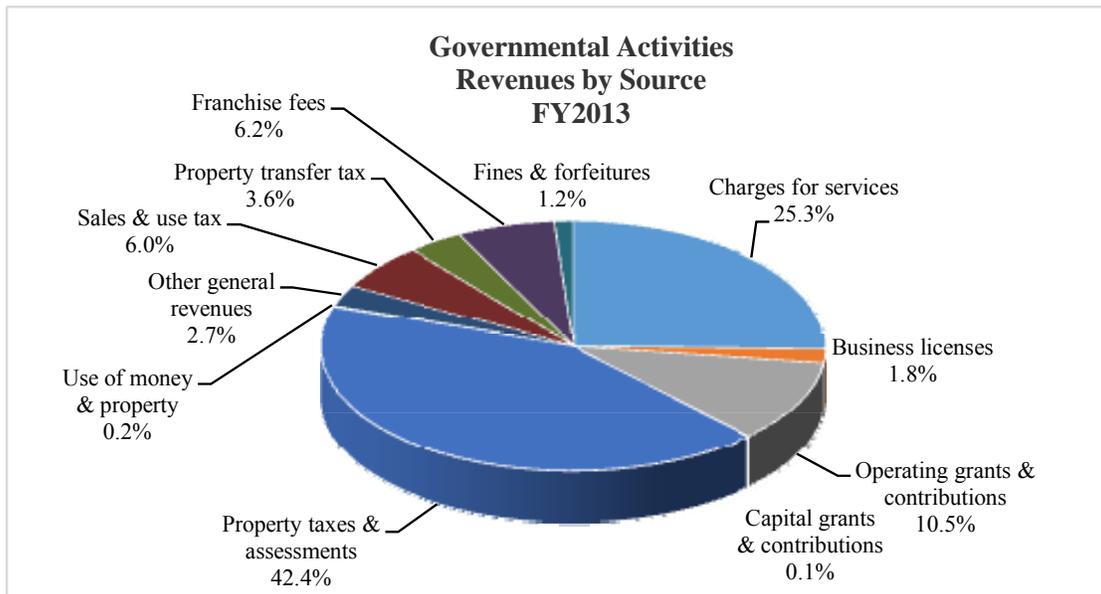
1. **Charges for Services** – Charges for services has gone up 19% from last year. Development related fees and permits have contributed the most to this increase. In March 28, 2011 there was an increase to all development fees and an archive fee was implemented. An additional 25% increase in planning fees went into effect May 25, 2013. FY 2014 will be the first full year of this additional increase in the fee schedule.
2. **Property Taxes and Assessments** – The property taxes and assessments category for FY 2013 includes not only Property Tax – secured, unsecured, SB 813, prior years, but also the additional categories of Home Owner Property Tax Relief (HOPTR), Property Tax in-lieu, and Triple Flip. There has been a decrease of 17% or \$560,386 in this category from last year. The decrease in revenue is due to not receiving the Tax Equity Allocation (TEA) revenues which are normally received in a lump sum at the end of the year. TEA revenues were received over 60 days after the end of FY 2013. This lump sum TEA revenue will be accounted for in FY 2014. In addition, moving forward, San Mateo County will be sending TEA revenues on a periodic basis in FY 2014, instead of a lump sum at end of year.
3. **Grants and Contributions – Operating** – The Grants and Contributions (Operating) category for FY 2013 included the sub-categories of the State Citizens' Option for Public Safety (COPS) program, Gas Tax, Measure A Sales tax, which increased *overall* \$3,715 (1%) from last year (not all individual funds increased). There were also two capital grants, Conservation and State of California Highway Bridge Program (HBP), in FY 2013. No HBP grant revenue was received in FY 2012.
4. **Other General Revenue** – Other Revenue category experienced a 74% decrease mostly due to decreased Library revenues from \$482,569 in FY 2012 to \$0 in FY 2013. This is because the JPA is collecting and holding library revenues in trust for the Town instead of remitting them to the Town of Woodside.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The charts below illustrate the differences between last year’s and this year’s sources of revenue, along with the percentages of each source of revenue. The percentages for each year add up to 100% for that particular year. A more in-depth analysis of key revenue sources is discussed in the ‘General Fund Performance of Revenues’ section later in this MD&A.



Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities Expenses

Governmental and business-type activities expenses of the Town totaled \$6,916,055 for the year. Governmental activities expenses totaled \$6,582,938 or 95% of total expenses. Safety Services costs represented 24.07% (\$1,584,898) of total governmental activities expenses. Public works costs, including Road Rehabilitation project, represented the largest single expense for governmental activities, amounting to \$2,189,556 or 33.26% of total governmental expenses.

Cost of Services

The following table shows the cost of each of the Town’s major program areas and the net cost of the program areas. Net cost is the total cost less fees and other direct revenue (charges) generated by the activities. The net cost reflects the revenues minus the expenses associated with each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2013, and 2012, are as follows (also page 30 and 31 in the **Basic Financial Statements**):

	2013			2012		
	Total Cost of Services	Percent of Total	Net Cost of Services	Total Cost of Services	Percent of Total	Net Cost of Services
Town Council	\$ 25,672	0.4%	\$ 25,672	\$ 32,050	0.4%	\$ 32,050
Administration and Finance	1,108,627	16.8%	1,044,958	1,483,954	20.6%	1,423,350
Planning Department	663,449	10.1%	130,497	795,213	11.0%	379,424
Buildings and Grounds	115,165	1.7%	115,165	248,325	3.4%	248,325
Town-wide Overhead	346,401	5.3%	346,401	424,433	5.9%	424,433
Safety Services	1,584,898	24.1%	1,510,258	1,547,726	21.5%	1,422,538
Trails and Stables	75,374	1.1%	45,481	57,719	0.8%	27,710
Barkley Fields	251,007	3.8%	241,382	218,521	3.0%	202,900
Library Services	122,903	1.9%	122,903	94,284	1.3%	94,284
Public Works	2,189,556	33.3%	642,628	2,161,058	30.0%	999,334
Recreation and Open Space	99,886	1.5%	(11,951)	146,993	2.0%	(13,345)
Total	\$ 6,582,938	100%	\$ 4,213,394	\$ 7,210,276	100%	\$ 5,241,003

For FY 2013 the Recreation and Open Space program fully recovered all costs through the charging of fees.

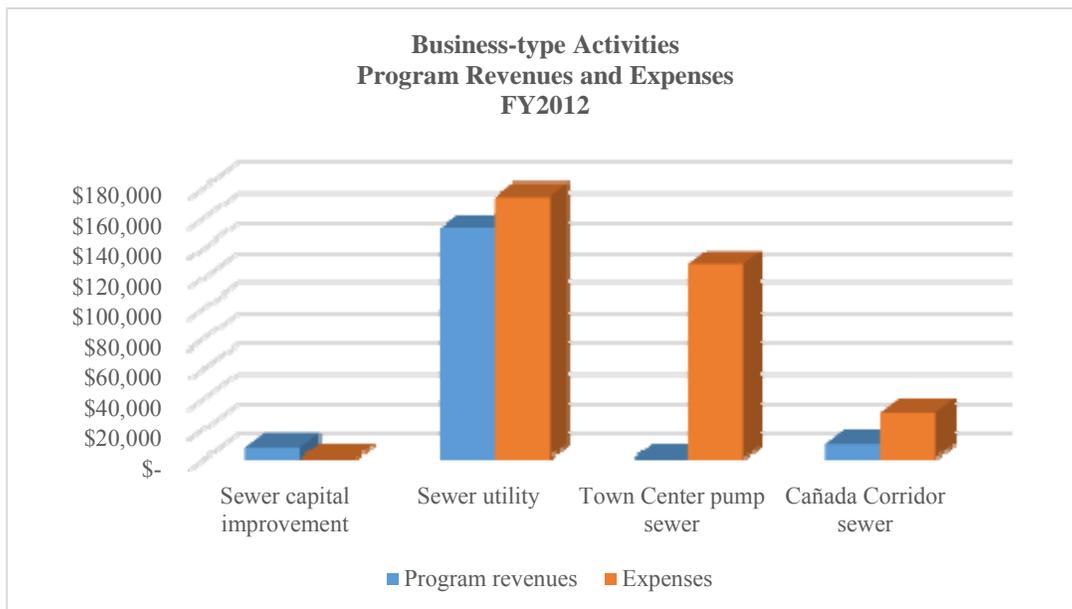
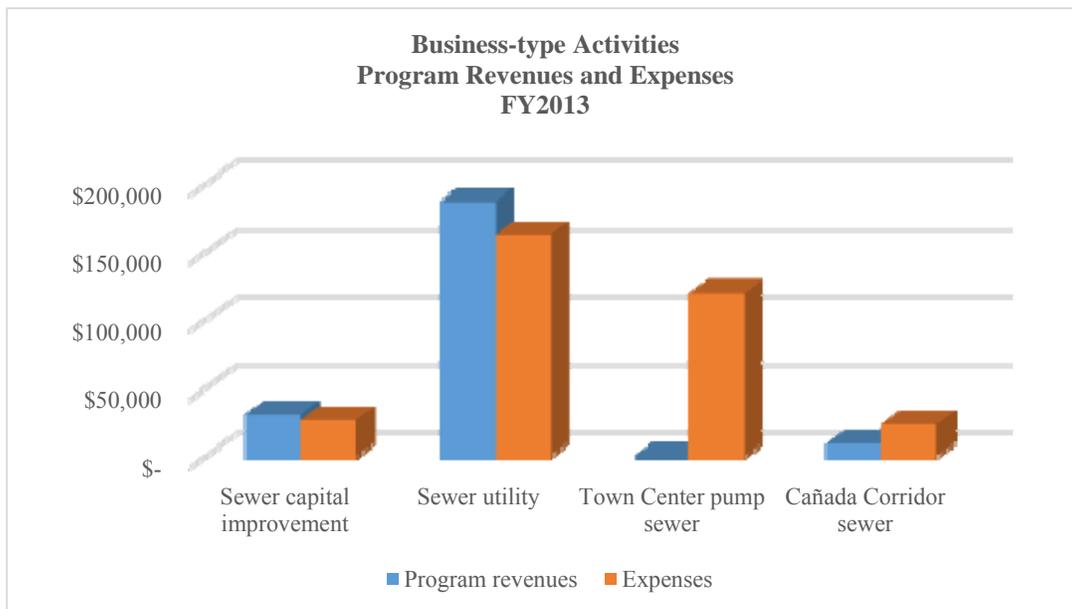
Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities – Revenues and Expenses

Business-type activities incurred \$333,117 in expenses during the fiscal year. The Town has four business-type funds, which are the Sewer Capital Improvement, Sewer Utility, Town Center Pump Sewer, and Cañada Corridor Sewer Funds. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2013, and 2012, are as follows:



Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities total revenue for FY 2013 is \$229,632. Expenses for this year exceeded revenue by \$103,485. These revenues are received from two sources, Charges for Services \$227,489 and Investment Earnings \$2,143. 99% of the funding received for Sewer business services is derived through charges for this service; the balance is investment earnings on cash. The earnings for the Sewer funds in FY 2012, were \$171,026 and expenses exceeded revenue by \$161,243.

As reported in the Statement of Activities, the net position of the Town's Business-type Activities, as of June 30 2013, decreased \$158,011. The following table is a re-statement of the Statement of Business-type Activities outlining the components of this decrease.

Business-type Activities
Two-year Comparison of Change in Net position

	6/30/2013	6/30/2012	Change	% Change
Expenses:				
Sewer Utility	\$ 162,815	\$ 173,307	\$ (10,492)	-6.1%
Sewer Capital Improvement	26,629	-	26,629	-
Town Center Pump Sewer	119,873	128,631	(8,758)	-6.8%
Cañada Corridor Sewer	23,800	30,331	(6,531)	-21.5%
Total	\$ 333,117	\$ 332,269	\$ 848	0.3%
Revenues:				
Charges for Services	\$ 227,489	\$ 168,223	\$ 59,266	35.2%
Use of money and property (interest)	2,143	2,803	(660)	-23.5%
Total	\$ 229,632	\$ 171,026	\$ 58,606	34.3%
Excess (Deficiency) of revenues over expenditures before transfers	\$ (103,485)	\$ (161,243)	\$ 57,758	-35.8%
Transfers	(54,526)	(59,931)	5,405	-9.0%
Change in Net Position	\$ (158,011)	\$ (221,174)	\$ 63,163	-28.6%

Expenses were a little higher in FY 2013 due to a continuation of increasing contract Sewer transmission and treatment expenses for Cañada Corridor Sewer and the Town Center Pump Sewer. Charges for sewer services were up 35.2% or \$59,266, due to three new sewer connection fees in FY 2013 which totaled \$57,694. Even though expenses were about the same as last year and there was an increase in revenues, there was still a net loss of \$158,011. The loss was reduced from FY 2012 by 28.6% or \$63,163.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS

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

Performance of Governmental Funds

The Town's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2013, the Town's governmental funds reported combined fund balances of \$5,624,231 (Pages 34 and 35). This is an increase of \$202,287 or 3.73% over last year's balance of \$5,421,944. The increase was mainly due to an increase in building permit and planning fees. The General Fund is the chief operating fund of the Town. At the fiscal year ended June 30, 2013, the General Fund balance totaled \$2,682,402 which was unassigned and \$2,968,617 which was restricted special revenue funds consisting of the Library Operations fund, Measure A Fund, and Non-major governmental Funds. Additionally, there was a \$26,698 negative fund balance for the safety fund that accounts for the COPS grant in the unassigned fund balance, with this negative balance the total Unassigned is \$2,655,704.

General Fund – Revenue Performance Review

In FY 2013 nearly all revenue sources for the General Fund experienced an increase over FY 2012. The following is an analysis which provides further detail about the major revenue sources.

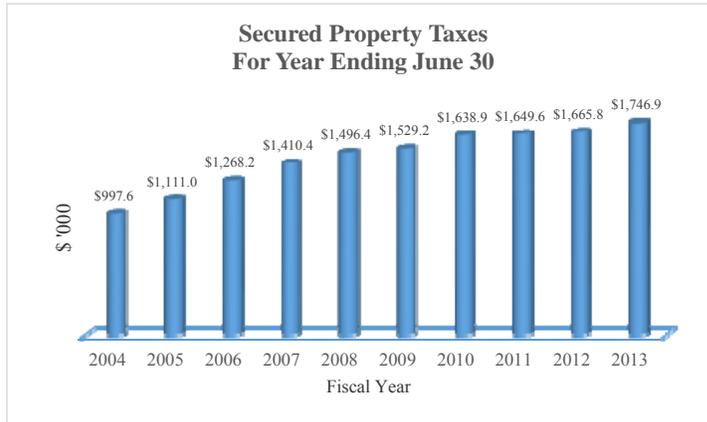
The largest source of General Fund revenue is secured property taxes. The Town's secured property tax receipts were \$1,746,901.92, which is 4.87% higher than FY 2012. Property Taxes are expected to remain stable with small percentage increases as the economy recovers.

In FY 2009, the State of California triggered the Proposition 1A local property tax shift and diverted about \$118,000 from the Town to help balance the state budget. These funds were backfilled by a bond sale coordinated by California Communities. The following chart provides a comparison of "normalized" secured property tax receipts for FY 2003 through 2013, including what would have been received had the State not taken its actions in FY 2009.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued



Property transfer taxes are expected to remain steady over the next several years. Property Transfer Tax Receipts are dependent on the property sales within the Town and remain an important, but variable, source of revenues. In FY 2013 the Town had an extraordinarily large property transfer, which increased this revenue source by 45.5%. The following table shows property transfer tax trends over the past ten years.

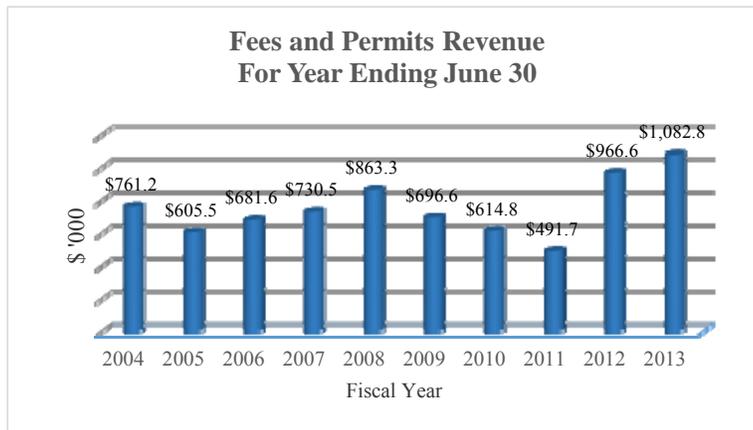


Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

Fees and Permits Revenue is another source of revenue that can be a predictor of both current and future economic health. As the following chart demonstrates, revenue from this source is at a ten-year high mark of \$1,082,730.



Permit activity is a little lower this year, with 1,103 new permit applications versus 1,136 a year ago and 903 permits issued this year compared to 950 a year ago. Since fee and permit activity remains high along with the two new fee schedule increases effective March 2011 and May 2013, this has resulted in the continued high revenue the last two years. There has been a \$116,177, or 12.02%, increase in fees and permits revenues from last year.

Sales tax revenues through June 2013 payments were \$397,200, an 11.21% decrease over a year ago. In FY 2012 there was an extraordinarily large sales tax payment from the state in June 2012 of \$120,000 (usual monthly revenues are no higher than \$35,000) and the Town did not have a similar event this fiscal year.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

The following chart shows sales tax revenues for the current and past seven years. “Triple Flip” was initiated eight years ago, where a portion of local sales tax revenue is used to pay off state deficit reduction bonds.



Use of Money - Investment - In compliance with the Town’s investment policy, the Town only receives investment income from the Local Agency Investment Fund (LAIF), which is managed and administered by the State of California’s Treasurer. This investment income is received on a quarterly basis, for the quarters ending March 31st, June 30th, September 30th, and December 31st. The Town receives an investment income statement and the cash from the State in the month following the end of the involved quarter. Thus, such revenue is actually received in July, October, January, and April. The Town’s LAIF principal balance at the end of FY 2013 was \$7,658,599.28.

	Interest Rate	Interest Earned	FYTD
First Quarter (7/1 - 9/30)	0.35%	\$ 6,432	\$ 6,432
Second Quarter (10/1 - 12/31)	0.32%	5,248	11,680
Third Quarter (1/1 - 3/31)	0.28%	4,967	16,647
Fourth Quarter (4/1 - 6/30)	0.24%	4,683	21,330

General Fund Expense Performance Review

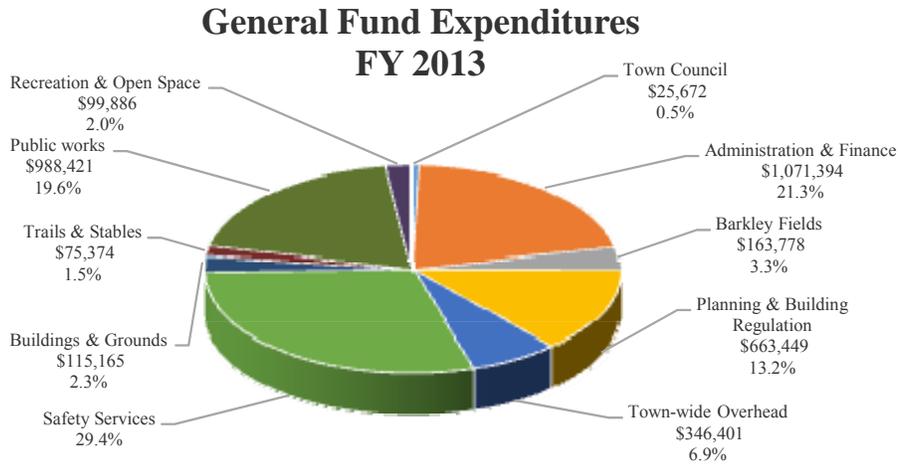
General Fund **expenditures** totaled \$5,034,438 in FY 2013, a decrease of 10%, or \$583,940, from FY 2012, and \$200,306, or 3.8%, below the FY 2013 budgeted level (see tables below)

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

The following chart provides an illustration of how the total expenditures for FY 2013 were categorized by department or program.



The following table depict the differences between FY 2012 and FY 2013 General Fund expenditures:

Two-year Comparison of General Fund Expenditures

	FY 2013	FY 2012	Inc. (Dec.) \$	Inc. (Dec.) %
Town Council	\$ 25,672	\$ 32,050	\$ (6,378)	-19.9%
Administration & Finance	1,071,394	1,355,672	(284,278)	-21.0%
Planning & Building Regulation	663,449	786,140	(122,691)	-15.6%
Buildings & Grounds	115,165	248,325	(133,160)	-53.6%
Town-wide Overhead	346,401	424,433	(78,032)	-18.4%
Safety Services	1,484,898	1,447,726	37,172	2.6%
Trails & Stables	75,374	57,719	17,655	30.6%
Barkley Fields	163,778	133,372	30,406	22.8%
Public Works	988,421	985,948	2,473	0.3%
Recreation & Open Space	99,886	146,993	(47,107)	-32.0%
Total Expenditures	\$ 5,034,438	\$ 5,618,378	\$ (583,940)	-10.4%

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

The following table depict the comparison of budget versus actual expenses for FY 2013.

FY 2013 General Fund Expenditures: Budget vs. Actual

	FY 2013 Budget	FY 2013 Actual	Over/(Under) \$	Over/(Under) %
Town Council	\$ 26,000	\$ 25,672	\$ (328)	-1.3%
Administration & Finance	1,055,336	1,071,394	16,058	1.5%
Planning Department	749,231	663,449	(85,782)	-11.4%
Buildings & Grounds	107,076	115,165	8,089	7.6%
Town-wide Overhead	396,200	346,401	(49,799)	-12.6%
Safety Services	1,524,541	1,484,898	(39,643)	-2.6%
Trails & Stables	69,412	75,374	5,962	8.6%
Barkley Fields	163,280	163,778	498	0.3%
Public Works	1,011,548	988,421	(23,127)	-2.3%
Recreation & Open Space	132,120	99,886	(32,234)	-24.4%
Total Expenditures	\$ 5,234,744	\$ 5,034,438	\$ (200,306)	-3.8%

- The **Town Council Department** expended \$6,378 less in FY 2013 than it did during FY 2012. This is the result of the Municipal Elections that were held in November of 2011 (elections are only held in odd-numbered years). This elections cost was incurred and charged to this department during FY 2012. The expenditures for this department were 1.3%, or \$328, below the budgeted amount for FY 2013.
- Expenditures for the **Administration and Finance** program area decreased by \$284,278 from FY 2012. This 21% decrease is an intentional, budgeted decrease of administrative expenses, primarily attributable to the decrease in salaries and benefits of \$154,075, the remaining portion of the decrease is a result in lower general professional and audit services. The expenditures for this department were \$16,058 or 1.5% over budget.
- **Planning Department** program costs decreased by \$122,691 or 15.6%. This was due mainly to a decrease of \$76,627 in professional services and the elimination of a contract planner, which cost \$33,383 last fiscal year. The department under spent its FY 2013 budget by \$85,782, or 11.4%.
- Expenditures for the **Buildings and Grounds Department** decreased by \$133,160, or 53.6%, during FY 2013. This was mostly due to the replacement of the H/VAC system for Town Hall and Independence Hall in FY 2012, which cost \$135,499. The department overspent the FY 2013 budget by 7.6% or \$8,089.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

- **Town-wide Overhead** decreased by \$78,032 or 18.4%, from FY 2012 and the budget was under-expended by \$49,799, or 12.6%. Professional services went down by \$9,595.24, office supplies by \$12,040 and contract data processing by \$54,428. There was also an increase in Town insurance from ABAG of \$17,306.
- **Safety Services** increased by \$37,172, or 2.6%. This difference is attributable to the increased cost of about \$50,525 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 \$12,203 in FY 2013. There was also a decrease in the defensible space program of \$25,641. The FY 2013 expenditures were \$39,643, or 2.6% below the budgeted level.
- Expenditures for **Trails and Stables** increased by \$17,655 or 30.6%, during FY 2013. This increase is attributable to a slight increase in salaries and benefits, an increase in Capital improvements of \$26,505, which includes: hitching racks in front of Town Hall, additional base rock on deteriorated and new trails, and surveying services for the investigation of new horse trails, part time staff time of \$6,809 was also attributable to these capital costs and a decrease in supplies (a latch on at horse trail on Old La Honda) of \$22,840. The FY 2013 budget was over expended by \$5,962, or 8.6%.
- The **Public Works** program area was virtually unchanged from last year; there was a slight increase in expenditures of \$2,473, or .3% in FY 2013. The Department was under budget by \$23,127 or 2.3%.
- **Recreation** spent \$47,107 less this year than FY 2012 or 32%. This is mostly due to the fact that yoga classes were reduced in FY 2013 which created a reduction in expenses of \$28,462. In addition, there were barn dance expenses in FY 2012 of \$11,368 and none in FY 2013. The budget for **Recreation** was under spent \$32,234 or 24.4%.
- **Barkley Fields** expenditures were slightly higher by \$498 in FY 2013 and the budget was over spent by \$30,406, 22.8% due to unbudgeted increase in water use in FY 2013.

As of June 30, 2013, the General Fund had cash on hand of \$2,338,911.25. The previous 12 months (July 2012 through June 2013) average of General Fund cash to projected revenues is 43.8% which is above the 30% of operating reserves required by Town Council's Financial Management Policies.

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.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

In FY 2013 revenues from the tax were \$288,424 and expenditures were \$813,940. A contribution of \$500,000 is made every year from the General Fund to the Measure A fund to supplement the funds available for road rehabilitation work and another \$104,030 is transferred out of the account (as an overhead charge), which leaves \$395,970 additional resource. In addition in FY 2013, \$31,000 in ABAG Plan program revenue, to maintain streets and \$159,363 in State of California Bridge Repair Program revenue, to repair three bridges in Woodside, was combined with Measure A revenue. These resulted in a net increase in fund balance of \$61,004 reduction, ending the year with a balance of \$379,460.

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

Library Operations Fund

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

In FY 2013 revenues were \$7,127 (in interest on the fund balance) and expenditures were \$115,985. \$35,000 is transferred out of the fund for overhead. This left the Library fund with a \$143,858 decrease to the fund balance, ending the year with a balance of \$2,321,997.

As mentioned in the governmental section the Town is a party to a Joint Powers Agreement (JPA) between many of the cities within San Mateo County and the County itself and revenues are being held in trust by the JPA, instead of distributed to the Town of Woodside.

Other Governmental Funds

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

Discussed in detail the governmental section, other governmental funds as a whole had \$611,040 in revenues and \$488,909 in expenses. Transfers out were \$104,030 for overhead. These actions increased the fund balance by \$18,101 to a \$240,462 ending fund balance.

Performance of Enterprise Funds

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

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

BUDGETING

General Fund Budgetary Highlights

The Town's annual budget is the legally adopted expenditure control document of the Town. Budgetary comparison statements are required for the General Fund and all other Major Funds. General fund *revenues* fell short of budget levels by \$10,061 (.18% of budget) for FY 2013. As discussed earlier in this MD&A this was mainly due to an unremitted TEA payment revenues of \$487,948 which was received over 60 days after the end of the fiscal year. Conversely increased fees and permits revenue exceeded budgeted revenue by \$396,274, as did Intergovernmental revenues by \$79,439. Actual *expenditures* were \$200,306 under budget, (approximately 4% of budget). This resulted in total revenues *over expenditures* of \$269,060 (page 47).

The General Fund final budget differs from the original budget by \$41,000. The components of these changes include:

Fund	Description	Amount
General	Support Barkley Fields and Park	\$20,000
General	Support Barkley Fields and Park Operations and Maintenance Fund to support watering of the fields	\$20,000
General	Support Barkley Fields and Park Construction and Maintenance Fund for the cost of semi-annual maintenance of the park.	\$1,000

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

Capital Assets

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounts to \$16,232,525. This investment in capital assets includes roads, public buildings and facilities.

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -
Buildings and improvements	5,609,023	5,750,177	-	-
Machinery and equipment	216,124	220,529	-	-
Computer software	228,422	248,587	-	-
Pumps and collection systems	-	-	710,583	800,041
Total	\$ 15,521,942	\$ 15,687,666	\$ 710,583	\$ 800,041

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

FUND FINANCIAL STATEMENTS ANALYSIS, Continued

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

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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Town of Woodside, California
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 7,017,123	\$ 503,685	\$ 7,520,808
Receivables:			
Accounts receivable	90,727	87	90,814
Interest receivable	3,955	293	4,248
Intergovernmental receivable	10,893	4,836	15,729
Taxes receivable	83,019	-	83,019
Total current assets	<u>7,205,717</u>	<u>508,901</u>	<u>7,714,618</u>
Noncurrent assets:			
Capital assets:			
Nondepreciable	9,468,373	-	9,468,373
Depreciable	6,053,569	710,583	6,764,152
Total noncurrent assets	<u>15,521,942</u>	<u>710,583</u>	<u>16,232,525</u>
Total assets	<u>\$ 22,727,659</u>	<u>\$ 1,219,484</u>	<u>\$ 23,947,143</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 158,687	\$ 2,528	\$ 161,215
Deposits payable	1,422,709	-	1,422,709
Unearned revenue	-	4,836	4,836
Total current liabilities	<u>1,581,396</u>	<u>7,364</u>	<u>1,588,760</u>
Noncurrent liabilities:			
Long-term liabilities:			
Compensated absences	221,719	-	221,719
Net OPEB obligation	153,873	-	153,873
Total noncurrent liabilities	<u>375,592</u>	<u>-</u>	<u>375,592</u>
Total liabilities	<u>1,956,988</u>	<u>7,364</u>	<u>1,964,352</u>
NET POSITION			
Invested in capital assets	15,521,942	710,583	16,232,525
Restricted	2,968,617	-	2,968,617
Unrestricted	2,280,112	501,537	2,781,649
Total net position	<u>20,770,671</u>	<u>1,212,120</u>	<u>21,982,791</u>
Total liabilities and net position	<u>\$ 22,727,659</u>	<u>\$ 1,219,484</u>	<u>\$ 23,947,143</u>

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

Town of Woodside, California

Statement of Activities

For the year ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Town Council	\$ 25,672	\$ -	\$ -	\$ -
Administration and Finance	1,108,627	63,669	-	-
Planning Department	663,449	532,952	-	-
Buildings and Grounds	115,165	-	-	-
Town-wide Overhead	346,401	-	-	-
Safety Services	1,584,898	4,202	70,438	-
Trails and Stables	75,374	29,893	-	-
Barkley Fields	251,007	9,625	-	-
Library Services	122,903	-	-	-
Public Works	2,189,556	919,556	463,009	164,363
Recreation and Open Space	99,886	111,837	-	-
Total governmental activities	6,582,938	1,671,734	533,447	164,363
Business-type activities:				
Sewer Capital Improvement	26,629	30,604	-	-
Sewer Utility	162,815	187,585	-	-
Town Center Pump Sewer	119,873	-	-	-
Cañada Corridor Sewer	23,800	9,300	-	-
Total business-type activities	333,117	227,489	-	-
Total primary government	\$ 6,916,055	\$ 1,899,223	\$ 533,447	\$ 164,363

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use tax

Property transfer tax

Franchises

Business licenses

Fines and forfeitures

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

Net position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (25,672)	\$ -	\$ (25,672)
(1,044,958)	-	(1,044,958)
(130,497)	-	(130,497)
(115,165)	-	(115,165)
(346,401)	-	(346,401)
(1,510,258)	-	(1,510,258)
(45,481)	-	(45,481)
(241,382)	-	(241,382)
(122,903)	-	(122,903)
(642,628)	-	(642,628)
11,951	-	11,951
<u>(4,213,394)</u>	<u>-</u>	<u>(4,213,394)</u>
-	3,975	3,975
-	24,770	24,770
-	(119,873)	(119,873)
<u>-</u>	<u>(14,500)</u>	<u>(14,500)</u>
<u>-</u>	<u>(105,628)</u>	<u>(105,628)</u>
<u>\$ (4,213,394)</u>	<u>\$ (105,628)</u>	<u>\$ (4,319,022)</u>
2,797,371	-	2,797,371
397,191	-	397,191
235,472	-	235,472
411,309	-	411,309
119,530	-	119,530
78,821	-	78,821
11,384	2,143	13,527
180,501	-	180,501
<u>4,231,579</u>	<u>2,143</u>	<u>4,233,722</u>
<u>54,526</u>	<u>(54,526)</u>	<u>-</u>
<u>4,286,105</u>	<u>(52,383)</u>	<u>4,233,722</u>
72,711	(158,011)	(85,300)
<u>20,697,960</u>	<u>1,370,131</u>	<u>22,068,091</u>
<u>\$ 20,770,671</u>	<u>\$ 1,212,120</u>	<u>\$ 21,982,791</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

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

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

Town of Woodside, California
Balance Sheet
Governmental Funds
June 30, 2013

	Major Funds		
	General Fund	Special Revenue Funds	
		Library Operations	Measure A
ASSETS			
Cash and investments	\$ 4,072,875	\$ 2,331,309	\$ 357,460
Receivables:			
Accounts	83,301	-	-
Interest	2,479	1,396	-
Intergovernmental	-	-	-
Taxes receivable	56,528	-	26,491
Due from other funds	29,562	-	-
Total assets	\$ 4,244,745	\$ 2,332,705	\$ 383,951
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 139,634	\$ 10,708	\$ 4,491
Due to other funds	-	-	-
Deposits payable	1,422,709	-	-
Total liabilities	1,562,343	10,708	4,491
Fund balances:			
Restricted reported in:			
Special revenue funds	-	2,321,997	379,460
Unassigned (deficit), reported in:			
General Fund	2,682,402	-	-
Special revenue funds	-	-	-
Total fund balances	2,682,402	2,321,997	379,460
Total liabilities and fund balances	\$ 4,244,745	\$ 2,332,705	\$ 383,951

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

Nonmajor Governmental Funds		Totals
\$ 255,479	\$ 7,017,123	
7,426	90,727	
80	3,955	
10,893	10,893	
-	83,019	
-	29,562	
<u>\$ 273,878</u>	<u>\$ 7,235,279</u>	

\$ 3,854	\$ 158,687
29,562	29,562
-	1,422,709
<u>33,416</u>	<u>1,610,958</u>

267,160	2,968,617
-	2,682,402
<u>(26,698)</u>	<u>(26,698)</u>
240,462	5,624,321
<u>\$ 273,878</u>	<u>\$ 7,235,279</u>

Town of Woodside, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balances - total governmental funds \$ 5,624,321

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 15,521,942

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Compensated absences	\$ (221,719)	
Net OPEB obligation	(153,873)	(375,592)

Net position of governmental activities \$ 20,770,671

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

Town of Woodside, California
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2013

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
Current assets:				
Cash and investments	\$ 7,017,123	\$ -	\$ -	\$ 7,017,123
Receivables:				
Accounts receivable	90,727	-	-	90,727
Interest receivable	3,955	-	-	3,955
Intergovernmental receivable	10,893	-	-	10,893
Taxes receivable	83,019	-	-	83,019
Due from other funds	29,562	(29,562)	-	-
Internal balances	-	-	-	-
Total current assets	<u>7,235,279</u>	<u>(29,562)</u>	<u>-</u>	<u>7,205,717</u>
Noncurrent assets:				
Capital assets, net	-	-	15,521,942	15,521,942
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>15,521,942</u>	<u>15,521,942</u>
Total assets	<u>\$ 7,235,279</u>	<u>\$ (29,562)</u>	<u>\$ 15,521,942</u>	<u>\$ 22,727,659</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 158,687	\$ -	\$ -	\$ 158,687
Deposits payable	1,422,709	-	-	1,422,709
Due to other funds	29,562	(29,562)	-	-
Total current liabilities	<u>1,610,958</u>	<u>(29,562)</u>	<u>-</u>	<u>1,581,396</u>
Noncurrent liabilities:				
Compensated absences	-	-	221,719	221,719
Net OPEB obligation	-	-	153,873	153,873
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>375,592</u>	<u>375,592</u>
Total liabilities	<u>1,610,958</u>	<u>(29,562)</u>	<u>375,592</u>	<u>1,956,988</u>
FUND BALANCES/NET POSITION				
Fund balances:				
Restricted reported in:				
Special revenue funds	2,968,617	(2,968,617)	-	-
Unassigned (deficit), reported in:				
General Fund	2,682,402	(2,682,402)	-	-
Special revenue funds	(26,698)	26,698	-	-
Net position:				
Invested in capital assets	-	-	15,521,942	15,521,942
Restricted	-	-	2,968,617	2,968,617
Unrestricted	-	5,624,321	(3,344,209)	2,280,112
Total fund balances/ net position	<u>5,624,321</u>	<u>-</u>	<u>15,146,350</u>	<u>20,770,671</u>
Total liabilities and net position	<u>\$ 7,235,279</u>	<u>\$ (29,562)</u>	<u>\$ 15,521,942</u>	<u>\$ 22,727,659</u>

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

Town of Woodside, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	Major Funds		
	General Fund	Special Revenue Funds	
		Library Operations	Measure A
REVENUES:			
Taxes and assessments	\$ 3,197,845	\$ -	\$ 288,424
Licenses and permits	1,239,724	-	-
Fines and forfeitures	5,242	-	-
Intergovernmental	651,439	-	-
Use of money and property	9,460	7,127	187
Charges for services	193,321	-	-
Other revenues	206,951	-	190,363
Total revenues	5,503,982	7,127	478,974
EXPENDITURES:			
Current:			
Town Council	25,672	-	-
Administration and Finance	1,071,394	-	-
Planning Department	663,449	-	-
Buildings and Grounds	115,165	-	-
Town-wide Overhead	346,401	-	-
Safety Services	1,484,898	-	-
Trails and Stables	75,374	-	-
Barkley Fields	163,778	-	-
Library Services	-	115,985	-
Public Works	988,421	-	793,943
Recreation and Open Space	99,886	-	-
Capital outlay	-	-	19,997
Total expenditures	5,034,438	115,985	813,940
REVENUES OVER (UNDER) EXPENDITURES	469,544	(108,858)	(334,966)
OTHER FINANCING SOURCES (USES):			
Transfers in	520,478	-	500,000
Transfers out	(722,892)	(35,000)	(104,030)
Total other financing sources (uses)	(202,414)	(35,000)	395,970
Net change in fund balances	267,130	(143,858)	61,004
FUND BALANCES:			
Beginning of year	2,415,272	2,465,855	318,456
End of year	\$ 2,682,402	\$ 2,321,997	\$ 379,460

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

Other			
Governmental		Totals	
Funds			
\$ 143,207		\$ 3,629,476	
-		1,239,724	
32,129		37,371	
70,438		721,877	
659		17,433	
364,229		557,550	
378		397,692	
<u>611,040</u>		<u>6,601,123</u>	
-		25,672	
-		1,071,394	
-		663,449	
-		115,165	
-		346,401	
100,000		1,584,898	
-		75,374	
-		163,778	
-		115,985	
388,909		2,171,273	
-		99,886	
-		19,997	
<u>488,909</u>		<u>6,453,272</u>	
<u>122,131</u>		<u>147,851</u>	
-		1,020,478	
<u>(104,030)</u>		<u>(965,952)</u>	
<u>(104,030)</u>		<u>54,526</u>	
18,101		202,377	
<u>222,361</u>		<u>5,421,944</u>	
<u>\$ 240,462</u>		<u>\$ 5,624,321</u>	

Town of Woodside, California

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

For the year ended June 30, 2013

Functions/Programs	Fund Based Totals	Compensated Absences	Depreciation	Capital Asset (Additions)/ Retirements	OPEB Obligation	Government- wide Totals
Governmental activities:						
Town Council	\$ 25,672	\$ -	\$ -	\$ -	\$ -	\$ 25,672
Administration and Finance	1,071,394	(37,141)	110,103	(36,812)	1,083	1,108,627
Planning Department	663,449	-	-	-	-	663,449
Buildings and Grounds	115,165	-	-	-	-	115,165
Town-wide Overhead	346,401	-	-	-	-	346,401
Safety Services	1,584,898	-	-	-	-	1,584,898
Trails and Stables	75,374	-	-	-	-	75,374
Barkley Fields	163,778	-	85,149	2,080	-	251,007
Library Services	115,985	-	6,918	-	-	122,903
Public Works	2,171,273	-	18,283	-	-	2,189,556
Recreation and Open Space	99,886	-	-	-	-	99,886
Capital outlay	19,997	-	-	(19,997)	-	-
Total governmental activities	\$ 6,453,272	\$ (37,141)	\$ 220,453	\$ (54,729)	\$ 1,083	\$ 6,582,938

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

Town of Woodside, California
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2013

Net change in fund balances - total governmental funds \$ 202,377

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

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

Capital asset purchases capitalized	\$ 56,809	
Capital asset retirements	(2,080)	
Depreciation expense	<u>(220,453)</u>	(165,724)

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

Change in compensated absences		37,141
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Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation		(1,083)
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Change in net position of governmental activities	\$ 72,711
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The accompanying notes are an integral part of these basic financial statements.

Town of Woodside, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2013

	General Fund			
	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 3,685,793	\$ 3,685,793	\$ 3,197,845	\$ (487,948)
Licenses and permits	843,450	843,450	1,239,724	396,274
Fines and forfeitures	11,000	11,000	5,242	(5,758)
Intergovernmental	572,000	572,000	651,439	79,439
Use of money and property	15,000	15,000	9,460	(5,540)
Charges for services	204,050	204,050	193,321	(10,729)
Other revenues	182,750	182,750	206,951	24,201
Total revenues	5,514,043	5,514,043	5,503,982	(10,061)
EXPENDITURES:				
Current:				
Town Council	26,000	26,000	25,672	328
Administration and Finance	1,055,336	1,055,336	1,071,394	(16,058)
Planning Department	749,231	749,231	663,449	85,782
Buildings and Grounds	107,076	107,076	115,165	(8,089)
Town-wide Overhead	396,200	396,200	346,401	49,799
Safety Services	1,524,541	1,524,541	1,484,898	39,643
Trails and Stables	69,412	69,412	75,374	(5,962)
Barkley Fields	142,280	163,280	163,778	(498)
Library Services	-	-	-	-
Public Works	1,011,548	1,011,548	988,421	23,127
Recreation and Open Space	132,120	132,120	99,886	32,234
Total expenditures	5,213,744	5,234,744	5,034,438	200,306
REVENUES OVER (UNDER)	300,299	279,299	469,544	190,245
EXPENDITURES				
OTHER FINANCING SOURCES (USES):				
Transfers in	522,915	522,915	520,478	(2,437)
Transfers out	(804,144)	(804,144)	(722,892)	81,252
Total other financing sources (uses)	(281,229)	(281,229)	(202,414)	78,815
Net change in fund balances	19,070	(1,930)	267,130	269,060
FUND BALANCES:				
Beginning of year	2,415,272	2,415,272	2,415,272	-
End of year	\$ 2,434,342	\$ 2,413,342	\$ 2,682,402	\$ 269,060

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

Library Operations				Measure A			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ 235,000	\$ 235,000	\$ 288,424	\$ 53,424
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,000	13,000	7,127	(5,873)	750	750	187	(563)
-	-	-	-	-	-	-	-
-	-	-	-	382,922	382,922	190,363	(192,559)
13,000	13,000	7,127	(5,873)	618,672	618,672	478,974	(139,698)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,634,884	1,634,884	115,985	1,518,899	-	-	-	-
-	-	-	-	1,028,130	1,028,130	793,943	234,187
-	-	-	-	-	-	-	-
1,634,884	1,634,884	115,985	1,518,899	1,028,130	1,028,130	813,940	214,190
(1,621,884)	(1,621,884)	(108,858)	1,513,026	(409,458)	(409,458)	(334,966)	74,492
-	-	-	-	500,000	500,000	500,000	-
(35,000)	(35,000)	(35,000)	-	(104,030)	(104,030)	(104,030)	-
(35,000)	(35,000)	(35,000)	-	395,970	395,970	395,970	-
(1,656,884)	(1,656,884)	(143,858)	1,513,026	(13,488)	(13,488)	61,004	74,492
2,465,855	2,465,855	2,465,855	-	318,456	318,456	318,456	-
\$ 808,971	\$ 808,971	\$ 2,321,997	\$ 1,513,026	\$ 304,968	\$ 304,968	\$ 379,460	\$ 74,492

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PROPRIETARY FUNDS

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

All of the Town's Enterprise Funds have been identified as major proprietary funds for fiscal year 2012-2013.

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

Town of Woodside, California
Statement of Net Position
Enterprise Funds
June 30, 2013

	<u>Sewer Capital Improvement</u>	<u>Sewer Utility</u>	<u>Town Center Pump Sewer</u>
ASSETS			
Current assets:			
Cash and investments	\$ 167,414	\$ 36,372	\$ 299,899
Receivables:			
Accounts	-	87	-
Interest	97	-	196
Loans	4,836	-	-
Due from other funds	-	1,072	-
Total current assets	<u>172,347</u>	<u>37,531</u>	<u>300,095</u>
Noncurrent assets:			
Capital assets, net	-	-	374,374
Total assets	<u>\$ 172,347</u>	<u>\$ 37,531</u>	<u>\$ 674,469</u>
LIABILITIES AND Net Position			
Current liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 2,528	\$ -
Due to other funds	-		
Total current liabilities	<u>-</u>	<u>2,528</u>	<u>-</u>
Noncurrent liabilities:			
Unearned revenues	4,836	-	-
Total liabilities	<u>4,836</u>	<u>2,528</u>	<u>-</u>
Net Position:			
Invested in capital assets	-	-	374,374
Unrestricted	167,511	35,003	300,095
Total Net Position	<u>167,511</u>	<u>35,003</u>	<u>674,469</u>
Total liabilities and Net Position	<u>\$ 172,347</u>	<u>\$ 37,531</u>	<u>\$ 674,469</u>

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

Cañada Corridor Sewer	Totals
\$ -	\$ 503,685
-	87
-	293
-	4,836
-	1,072
-	<u>509,973</u>
<u>336,209</u>	<u>710,583</u>
<u>\$ 336,209</u>	<u>\$ 1,220,556</u>
\$ -	\$ 2,528
<u>1,072</u>	<u>1,072</u>
<u>1,072</u>	<u>3,600</u>
-	4,836
<u>1,072</u>	<u>8,436</u>
336,209	710,583
<u>(1,072)</u>	<u>501,537</u>
<u>335,137</u>	<u>1,212,120</u>
<u>\$ 336,209</u>	<u>\$ 1,220,556</u>

Town of Woodside, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2013

	Sewer Capital Improvement	Sewer Utility	Town Center Pump Sewer
OPERATING REVENUES:			
Charges for services	\$ 2,104	\$ 187,585	\$ -
Other	28,500	-	-
Total operating revenues	30,604	187,585	-
OPERATING EXPENSES:			
Salaries and benefits	26,629	49,309	-
Professional services	-	13,000	-
Materials and supplies	-	100,506	45,000
General and administrative expense	-	-	74,873
Total operating expenses	26,629	162,815	119,873
OPERATING INCOME(LOSS)	3,975	24,770	(119,873)
NONOPERATING REVENUES:			
Interest revenue	483	649	1,017
Total non-operating revenues, net	483	649	1,017
NET INCOME BEFORE TRANSFERS	4,458	25,419	(118,856)
Transfers out	-	(27,425)	(23,579)
Total transfers	-	(27,425)	(23,579)
CHANGE IN NET POSITION	4,458	(2,006)	(142,435)
NET POSITION:			
Beginning of year	163,053	37,009	816,904
End of year	\$ 167,511	\$ 35,003	\$ 674,469

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

Cañada Corridor Sewer	Totals
\$ 9,300	\$ 198,989
-	28,500
<u>9,300</u>	<u>227,489</u>
-	75,938
-	13,000
9,215	154,721
<u>14,585</u>	<u>89,458</u>
<u>23,800</u>	<u>333,117</u>
<u>(14,500)</u>	<u>(105,628)</u>
<u>(6)</u>	<u>2,143</u>
<u>(6)</u>	<u>2,143</u>
(14,506)	(103,485)
<u>(3,522)</u>	<u>(54,526)</u>
(3,522)	(54,526)
(18,028)	(158,011)
<u>353,165</u>	<u>1,370,131</u>
<u>\$ 335,137</u>	<u>\$ 1,212,120</u>

Town of Woodside, California
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2013

	Sewer Capital Improvement	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received (refunds paid) from (to) customers/users for services provided	\$ 30,604	\$ 190,265
Cash payments to suppliers for goods and services	-	(116,249)
Cash payments to employees for services	(26,629)	(49,309)
Net cash provided by operating activities	<u>3,975</u>	<u>24,707</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	-	(28,497)
Net cash used by noncapital financing activities	<u>-</u>	<u>(28,497)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received		-
Acquisition and construction of capital assets	-	-
Net cash (used) by capital and related financing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	525	699
Net cash provided by investing activities	<u>525</u>	<u>699</u>
Net increase (decrease) in cash and cash equivalents	4,500	(3,091)
CASH AND CASH EQUIVALENTS:		
Beginning of year	162,914	39,463
End of year	<u>\$ 167,414</u>	<u>\$ 36,372</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 3,975	\$ 24,770
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
(Increase) decrease in current assets:		
Accounts receivable	-	2,680
Loans receivable	2,088	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	-	(2,743)
Unearned revenues	(2,088)	-
Net cash provided by operating activities	<u>\$ 3,975</u>	<u>\$ 24,707</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2013.

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

Town Center Pump Sewer	Cañada Corridor Sewer	Totals
\$ -	\$ 9,659	\$ 230,528
(45,000)	(6,366)	(167,615)
-	-	(75,938)
(45,000)	3,293	(13,025)
(23,579)	(5,299)	(57,375)
(23,579)	(5,299)	(57,375)
-	-	-
-	-	-
1,136	(8)	2,352
1,136	(8)	2,352
(67,443)	(2,014)	(68,048)
367,342	2,014	571,733
\$ 299,899	\$ -	\$ 503,685
\$ (119,873)	\$ (14,500)	\$ (105,628)
74,873	17,434	92,307
-	359	3,039
-	-	2,088
-	-	(2,743)
-	-	(2,088)
\$ (45,000)	\$ 3,293	\$ (13,025)

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FIDUCIARY FUNDS

Fiduciary funds and individual funds held in trust for a specific purpose.

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

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Town of Woodside, California
Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	<u>Totals</u>
ASSETS	
Cash and investments	\$ 434,697
Receivables:	
Interest	<u>438</u>
Total assets	<u><u>\$ 435,135</u></u>
LIABILITIES	
Due to others	<u>\$ 435,135</u>
Total liabilities	<u><u>\$ 435,135</u></u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2013

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Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Financial Reporting Entity

The Town operates as a self-governing local government unit within the State. It has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. The Town's main funding sources include property taxes, other intergovernmental revenue from state and federal sources, user fees, and sales taxes.

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

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

The Town reports the following major funds:

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Proprietary Funds

Enterprise Funds

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

Fiduciary Funds

Agency Funds

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

Measurement Focus

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

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

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

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

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

Basis of Accounting

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

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

Assets, Liabilities, and Equity

Cash Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

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

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

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Accounting, Continued

Prepaid Items

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

Capital Assets

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

Government-Wide Statements

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

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

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

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

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

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

Fund Financial Statements

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Compensated Absences

Employees accrue personal leave, holiday, administrative leave, and compensatory time off benefits. Town employees have vested interests in the amount of accrued time off and are paid on termination. All personal leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for the entire amount is reported in the governmental funds. The general fund is typically used to liquidate compensated absences.

Unearned Revenues

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

Equity Classification

Government-Wide Statements

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

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Equity Classification, Continued

Fund Financial Statements

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

Nonspendable Fund Balance –

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

Restricted Fund Balance –

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

Committed Fund Balance –

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

Assigned Fund Balance –

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

Unassigned Fund Balance –

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Revenues, Expenditures, and Expenses

Property Tax

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

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

The Town participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan." The State Revenue and Taxation Code allow counties to distribute secured real property, assessment, and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and penalties and interest during a fiscal year will revert to San Mateo County.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Interfund Transfers

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

Budgetary Accounting

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

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

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2013. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

Use of Estimates

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS

At June 30, 2013, the Town's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	<u>Not rated</u>	<u>Fair Market Value</u>
<u>Cash equivalents and investments pooled</u>		
Pooled cash, at fair value		
Cash in bank	\$ 294,413	\$ 294,413
Petty cash	400	400
Total pooled items	<u>294,813</u>	<u>294,813</u>
Pooled investments, at fair value		
<u>Interest obligations</u>		
State of California Local Agency Investment Fund	7,660,692	7,660,692
Total pooled investments - interest obligations	<u>7,660,692</u>	<u>7,660,692</u>
Total cash equivalents and investments pooled	<u>\$ 7,955,505</u>	<u>\$ 7,955,505</u>
Amounts reported in:		
Governmental activities		\$ 7,017,123
Business-type activities		503,685
Fiduciary activities - Agency Funds		434,697
Total		<u>\$ 7,955,505</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Local Agency Investment Fund	<u>7,660,692</u>	0.25
Total fair value	<u>\$ 7,660,692</u>	
Portfolio weighted average maturity		0.25

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2013, the Town had a balance of \$443,850 and exceeded the \$250,000 Federal Deposit Insurance Corporation’s insurance limits.

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

At June 30, 2013, the carrying amount of the Town’s deposits was \$294,413 and the balances in financial institutions were \$443,850. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$193,850 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the Town and other governmental agencies, but not in the name of the Town. As of June 30, 2013, the Town’s investments were held by the Town’s custodial agent, but not in the Town’s name, and were insured up to specified limits by the Securities Investor Protection Corporation (SPIC) and supplemental private insurance up to a limit of \$150 million.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$58,852,094,221 of which the Town’s fair value amount is \$7,660,692. Of the total invested, 0.76% was invested in Structured Notes and Asset-Backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Town’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Town’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2013:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts	\$ 90,727	\$ 87	\$ -	\$ 90,814
Interest	3,955	293	438	4,686
Intergovernmental	10,893	4,836	-	15,729
Taxes	83,019	-	-	83,019
Total accounts receivable	\$ 188,594	\$ 5,216	\$ 438	\$ 194,248

These amounts resulted in the following concentrations in receivables:

Other Governments	50.84%
Individuals/Businesses	46.75%
Financial	2.41%

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

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Nondepreciable assets:				
Land	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373
Total nondepreciable assets	9,468,373	-	-	9,468,373
Depreciable assets:				
Buildings and improvements	7,057,683	-	-	7,057,683
Computer software	342,766	-	-	342,766
Machinery & equipment	715,431	56,809	(52,964)	719,276
Total depreciable assets	8,115,880	56,809	(52,964)	8,119,725
Total	17,584,253	56,809	(52,964)	17,588,098
Accumulated depreciation:				
Buildings and improvements	(1,307,506)	(141,154)	-	(1,448,660)
Computer Software	(94,179)	(32,463)	-	(126,642)
Machinery & equipment	(494,902)	(46,836)	50,884	(490,854)
Total accumulated depreciation	(1,896,587)	(220,453)	50,884	(2,066,156)
Net depreciable assets	6,219,293	(163,644)	(2,080)	6,053,569
Total net capital assets	\$ 15,687,666	\$ (163,644)	\$ (2,080)	\$ 15,521,942

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

4. CAPITAL ASSETS, Continued

	Balance July 1, 2012	Additions	Deletions/ Adjustment	Balance June 30, 2013
<u>Business-type activities</u>				
Depreciable assets:				
Buildings and improvements	\$ 141,706	\$ -	\$ -	\$ 141,706
Pumps and collections system	2,726,497	-	-	2,726,497
Machinery & equipment	9,727	-	-	9,727
Total depreciable assets	2,877,930	-	-	2,877,930
Accumulated depreciation:				
Buildings and improvements	(141,706)	-	-	(141,706)
Pumps and collections system	(1,925,033)	(89,458)	(1,423)	(2,015,914)
Machinery & equipment	(11,150)	-	1,423	(9,727)
Total accumulated depreciation	(2,077,889)	(89,458)	-	(2,167,347)
Total net capital assets	\$ 800,041	\$ (89,458)	\$ -	\$ 710,583

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

Governmental Activities	
Administration and Finance	\$ 110,103
Barkley Fields	85,149
Library	6,918
Public Works	18,283
Total	<u>\$ 220,453</u>
Business-Type Activities	
Town center pump sewer	\$ 74,873
Canada Corridor sewer	14,585
Total	<u>\$ 89,458</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2013:

	Governmental Activities	Business-type Activities	Total
Accounts payable	\$ 158,687	\$ 2,528	\$ 161,215
Deposits payable	1,422,709	-	1,422,709
Unearned revenue	-	4,836	4,836
Total	<u>\$ 1,581,396</u>	<u>\$ 7,364</u>	<u>\$ 1,588,760</u>

These amounts resulted in the following concentrations in payables:

Vendors	10.07%
Individuals	89.93%

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

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
Compensated Absences	\$ 258,860	\$ -	\$ (37,141)	\$ 221,719	\$ -
Net OPEB Obligation	152,790	1,083	-	153,873	-
Total noncurrent liabilities	<u>\$ 411,650</u>	<u>\$ 1,083</u>	<u>\$ (37,141)</u>	<u>\$ 375,592</u>	<u>\$ -</u>

Compensated Absences

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

Net OPEB Obligation

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2013, the Town had a Net OPEB Obligation of \$153,873. See Note 11 for further discussion on OPEB.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. NET POSITION/ FUND BALANCES

Net position

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in capital assets	\$ 15,521,942	\$ 710,583
Restricted	2,968,617	-
Unrestricted	2,280,112	501,537
Total	<u>\$ 20,770,671</u>	<u>\$ 1,212,120</u>

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

Fund Balance

Restricted and Unassigned fund balance consisted of the following at June 30, 2013:

Restricted:	
Major Funds:	
Library Operations	\$ 2,321,997
Measure A	379,460
Total Major Funds- Restricted	<u>2,701,457</u>
Nonmajor Funds:	
Traffic Safety	\$ 45,385
Road Impact Fees	126,174
Gas Tax	85,389
California Law Enforcement Equipment Program	10,212
Total Nonmajor Funds- Restricted	<u>267,160</u>
Total Restricted	<u>\$ 2,968,617</u>
Unassigned (deficit):	
Major Funds:	
General Fund	2,682,402
Total Major Funds- Unassigned	<u>2,682,402</u>
Nonmajor Funds:	
Supplemental Law Enforcement Service	(26,698)
Total Nonmajor Funds- Unassigned (deficit)	<u>(26,698)</u>
Total Unassigned	<u>2,655,704</u>
Total Fund Balance	<u>\$ 5,624,321</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. NET POSITION/ FUND BALANCES, Continued

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

Restricted

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. INTERFUND TRANSACTIONS

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

Transfers consisted of the following at June 30, 2013:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 520,478	\$ 722,892
Library Operations	-	35,000
Measure A	500,000	104,030
Total Major Funds	<u>1,020,478</u>	<u>861,922</u>
Non-major Funds:		
Special Revenue Funds:		
Road Impact Fees	-	71,389
Gas Tax	-	32,641
Total Non-major Special Revenue Funds	<u>-</u>	<u>104,030</u>
Total Non-major Funds	<u>-</u>	<u>104,030</u>
Total Governmental Activities	<u>1,020,478</u>	<u>965,952</u>
<u>Business-type Activities</u>		
Sewer Capital Improvement	-	-
Sewer Utility	-	27,425
Town Center Pump Sewer	-	23,579
Canada Corridor Sewer	-	3,522
Total Business-type Activities	<u>-</u>	<u>54,526</u>
Total Transfers	<u><u>\$ 1,020,478</u></u>	<u><u>\$ 1,020,478</u></u>

9. RISK MANAGEMENT

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. RISK MANAGEMENT, Continued

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

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

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The Town of Woodside contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and part-time employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over 12 consecutive months of employment. Benefit provisions and all other requirements are established by State statute. The establishment and amendment of specific benefit provisions of the Plan is authorized by resolution of the Town Council. PERS requires plans with less than 100 active participants to participate in risk pools. For employees hired prior to January 1, 2013, (known as 'Classic' members by CalPERS) the Town participates in the Miscellaneous 2.5% at 55 Risk Pool and for employees hired after January 1, 2013, (employees hired after January 1, 2013 are referred to as – "PEPRA" employees by CalPERS - Public Employees' Pension Reform Act) the Town participates in the Miscellaneous plan 2% at 62 Risk Pool, for the year ended June 30, 2013. Copies of the PERS annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, CA 95814.

Funding Policy

The Town is required to contribute at an actuarially determined rate. The current rate is 15.646% of the annual covered payroll for miscellaneous employees hired before January 1, 2013 and 6.25% for miscellaneous employees hired after January 1, 2013. The Town's contributions for the years ended June 30, 2013, 2012 and 2011 were \$270,571, \$341,311 and \$415,505, respectively, which were equal to the required contributions for each year. Active PERS plan members are required to contribute a percentage of their annual covered salary. The percentage required is 8% for miscellaneous employees. For Town employees hired prior to June 30, 2013, the Town makes the contributions required on their behalf and for their account, and amounted to \$135,743. For new employees the amount contributed by the employee was \$1,072.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. OTHER POST EMPLOYMENT BENEFITS

Plan Description. The Town of Woodside Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the Town. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. The Town provides retiree medical benefits through the California Public Employees’ Retirement System healthcare program (PEMHCA). For eligible retirees and actives, the Town pays full employee premiums. The Town joined PEMHCA in 1998. The Town’s retiree contribution was \$106,299 for 2012 and \$111,865 for 2013.

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

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

Membership of the plan consisted of the following at June 30, 2013

Retirees and beneficiaries receiving benefits	6
Current staff receiving benefits	5
Other “Classic” participants not yet fully eligible for benefits	9
“PEPRA” participants not yet fully eligible for benefits	1
Total	21

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

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

For FY 2013, the Town contributed \$111,865 to the Plan, including \$47,899 for current benefit payments and \$63,967 to prefund Plan benefits.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. OTHER POST EMPLOYMENT BENEFITS, Continued

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

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

Annual required contribution	\$ 111,245
Adjustment to ARC and interest received in trust	<u>1,703</u>
Annual OPEB cost (expense)	112,948
Contributions made to irrevocable trust	(63,967)
Contributions made (premiums paid) outside of trust	<u>(47,899)</u>
Increase (Decrease) in net OPEB obligation	1,083
Net OPEB obligation – beginning of year	<u>152,790</u>
Net OPEB obligation – end of year	<u><u>\$ 153,873</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for FY 2013 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	100,103	99%	150,906
6/30/12	108,183	98%	152,790
6/30/13	112,948	99%	153,873

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

Actuarial accrued liability (AAL)	\$ 988,309
Actuarial value of Plan assets	<u>163,447</u>
Unfunded actuarial accrued liability (UAAL)	\$ 824,862
Funded ratio (actuarial value of Plan assets/AAL)	16.538%
Covered payroll (active Plan participants)	\$ 1,739,929
UAAL as a percentage of covered payroll	47.4%

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

11. OTHER POST EMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress, continued

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

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

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

12. COMMITMENTS AND CONTINGENCIES

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

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

13. JOINT POWERS AGREEMENT

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

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, San Mateo County and a majority of cities within San Mateo County for the purpose of developing State mandated plans such as an integrated waste management plan. The Town makes annual nonrefundable contributions to C/CAG which is used along with other member contributions to finance C/CAG operations. Audited financial statements may be obtained from the City of San Carlos, 666 Elm Street, San Carlos, CA, 94070. The Town's payments to C/CAG during the year totaled \$15,908. The Town's share of year-end assets, liabilities, or fund equity has not been calculated by C/CAG.

14. NEW ACCOUNTING PRONOUNCEMENTS

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

The GASB has issued Statement No. 66, "Technical Corrections – 2013". The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this Statement did not have an effect on these financial statements.

The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans". The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50, "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2013. The implementation of this statement will not have an effect on these financial statements.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

14. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for periods beginning after June 15, 2014. The Town will implement this Statement in FY 2015.

The GASB has issued Statement No. 69, “Government Combinations and Disposals of Government Operations”. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The Town will implement this Statement in FY 2015.

The GASB has issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will be effective for periods beginning after June 15, 2013. The Town will implement this Statement in FY 2015.

Town of Woodside, California
Required Supplementary Information
For the year ended June 30, 2013

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)
7/1/2011 ¹	\$ -	\$ 567,294	\$ 567,294	0%	\$ 2,123,257
7/1/2012 ²	\$ -	\$ 895,768	\$ 739,732	0%	\$ 2,002,692
7/1/2013 ³	\$ -	\$ 988,309	\$ 988,309	0%	\$ 1,739,929

¹ The 7/1/2011 Actuarial Accrued Liability was calculated using a discount rate of 7.75%

² The 7/1/2012 Actuarial Accrued Liability was calculated using a discount rate of 7.61%

³ The 7/1/2013 Actuarial Accrued Liability was calculated using a discount rate of 7.61%

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

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

Town of Woodside, California
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
ASSETS			
Cash and investments	\$ 40,310	\$ 127,569	\$ 74,435
Receivables:			
Accounts	7,426	-	-
Interest	20	88	61
Intergovernmental	-	-	10,893
Total assets	<u>\$ 47,756</u>	<u>\$ 127,657</u>	<u>\$ 85,389</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,371	\$ 1,483	\$ -
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>2,371</u>	<u>1,483</u>	<u>-</u>
Fund Balances:			
Restricted:	45,385	126,174	85,389
Unassigned (deficit), reported in:			
Special revenue funds	-	-	-
Total fund balances	<u>45,385</u>	<u>126,174</u>	<u>85,389</u>
Total liabilities and fund balances	<u>\$ 47,756</u>	<u>\$ 127,657</u>	<u>\$ 85,389</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ 2,953	\$ 10,212	\$ 255,479
-	-	7,426
(89)	-	80
-	-	10,893
<u>\$ 2,864</u>	<u>\$ 10,212</u>	<u>\$ 273,878</u>
\$ -	\$ -	\$ 3,854
29,562	-	29,562
<u>-</u>	<u>-</u>	<u>-</u>
<u>29,562</u>	<u>-</u>	<u>33,416</u>
-	10,212	267,160
<u>(26,698)</u>	<u>-</u>	<u>(26,698)</u>
<u>(26,698)</u>	<u>10,212</u>	<u>240,462</u>
<u>\$ 2,864</u>	<u>\$ 10,212</u>	<u>\$ 273,878</u>

Town of Woodside, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ 143,207
Fees and permits	-	-	-
Fines and forfeitures	32,129	-	-
Intergovernmental	-	-	-
Use of money and property	112	179	368
Charges for services	-	364,229	-
Other revenues	378	-	-
Total revenues	<u>32,619</u>	<u>364,408</u>	<u>143,575</u>
EXPENDITURES:			
Current:			
Safety Services	-	-	-
Public Works	28,206	181,953	178,750
Total expenditures	<u>28,206</u>	<u>181,953</u>	<u>178,750</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,413</u>	<u>182,455</u>	<u>(35,175)</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	-	(71,389)	(32,641)
Total other financing sources (uses)	-	(71,389)	(32,641)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	4,413	111,066	(67,816)
FUND BALANCES:			
Beginning of year	40,972	15,108	153,205
End of year	<u>\$ 45,385</u>	<u>\$ 126,174</u>	<u>\$ 85,389</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 143,207
-	-	-
-	-	32,129
70,438	-	70,438
-	-	659
-	-	364,229
-	-	378
<u>70,438</u>	<u>-</u>	<u>611,040</u>
100,000	-	100,000
<u>-</u>	<u>-</u>	<u>388,909</u>
<u>100,000</u>	<u>-</u>	<u>488,909</u>
<u>(29,562)</u>	<u>-</u>	<u>122,131</u>
<u>-</u>	<u>-</u>	<u>(104,030)</u>
-	-	(104,030)
(29,562)	-	18,101
<u>2,864</u>	<u>10,212</u>	<u>222,361</u>
<u>\$ (26,698)</u>	<u>\$ 10,212</u>	<u>\$ 240,462</u>

Town of Woodside, California

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

Traffic Safety Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 30,000	\$ 30,000	\$ 32,129	\$ 2,129
Use of money and property	200	200	112	(88)
Other revenues	2,000	2,000	378	(1,622)
Total revenues	<u>32,200</u>	<u>32,200</u>	<u>32,619</u>	<u>419</u>
EXPENDITURES:				
Current:				
Public works	<u>27,700</u>	<u>27,700</u>	<u>28,206</u>	<u>(506)</u>
Total expenditures	<u>27,700</u>	<u>27,700</u>	<u>28,206</u>	<u>(506)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,500</u>	<u>4,500</u>	<u>4,413</u>	<u>(87)</u>
OTHER FINANCING SOURCES (USES):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>4,500</u>	<u>4,500</u>	<u>4,413</u>	<u>(87)</u>
FUND BALANCES:				
Beginning of year	<u>40,972</u>	<u>40,972</u>	<u>40,972</u>	<u>-</u>
End of year	<u>\$ 45,472</u>	<u>\$ 45,472</u>	<u>\$ 45,385</u>	<u>\$ (87)</u>

Town of Woodside, California

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

Road Impact Fees Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 179	\$ (1,321)
Charges for services	250,000	250,000	364,229	114,229
Total revenues	251,500	251,500	364,408	112,908
EXPENDITURES:				
Current:				
Public works	191,640	191,640	181,953	9,687
Total expenditures	191,640	191,640	181,953	9,687
REVENUES OVER (UNDER) EXPENDITURES				
	59,860	59,860	182,455	122,595
OTHER FINANCING SOURCES (USES):				
Transfers out	(71,389)	(71,389)	(71,389)	-
Total other financing sources (uses)	(71,389)	(71,389)	(71,389)	-
Net change in fund balances	(11,529)	(11,529)	111,066	122,595
FUND BALANCES:				
Beginning of year	15,108	15,108	15,108	-
End of year	\$ 3,579	\$ 3,579	\$ 126,174	\$ 122,595

Town of Woodside, California

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

Gas Tax Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 155,150	\$ 155,150	\$ 143,207	\$ (11,943)
Use of money and property	-	-	368	368
Total revenues	<u>155,150</u>	<u>155,150</u>	<u>143,575</u>	<u>(11,575)</u>
EXPENDITURES:				
Current:				
Public works	<u>177,781</u>	<u>177,781</u>	<u>178,750</u>	<u>(969)</u>
Total expenditures	<u>177,781</u>	<u>177,781</u>	<u>178,750</u>	<u>(969)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(22,631)</u>	<u>(22,631)</u>	<u>(35,175)</u>	<u>(12,544)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(32,641)</u>	<u>(32,641)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(32,641)</u>	<u>(32,641)</u>
Net change in fund balances	<u>(22,631)</u>	<u>(22,631)</u>	<u>(67,816)</u>	<u>(45,185)</u>
FUND BALANCES:				
Beginning of year	<u>153,205</u>	<u>153,205</u>	<u>153,205</u>	<u>-</u>
End of year	<u>\$ 130,574</u>	<u>\$ 130,574</u>	<u>\$ 85,389</u>	<u>\$ (45,185)</u>

Town of Woodside, California

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

Supplemental Law Enforcement Services Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ 100,000	\$ 70,438	\$ (29,562)
Total revenues	<u>-</u>	<u>100,000</u>	<u>70,438</u>	<u>(29,562)</u>
EXPENDITURES:				
Current:				
Safety services	-	100,000	100,000	-
Total expenditures	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>(29,562)</u>	<u>(29,562)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(29,562)</u>	<u>(29,562)</u>
FUND BALANCES:				
Beginning of year	-	-	2,864	2,864
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,698)</u>	<u>\$ (26,698)</u>

Town of Woodside, California

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

California Law Enforcement Equipment Program Special Revenue Fund

For the year ended June 30, 2013

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

AGENCY FUNDS

Agency Funds account for assets held by the Town as an agent for individuals, other governments and non-public organizations.

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

Town of Woodside, California
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2013

	1999 Woodside Road/ Whiskey Hill Road Parking District	Trail Gifts and Donations Fund	Mathiesen House	Marva Oaks
ASSETS				
Cash and investments	\$ 112,055	\$ 54,403	\$ 8,717	\$ 20,798
Receivables:				
Interest	47	32	6	12
Total assets	<u>\$ 112,102</u>	<u>\$ 54,435</u>	<u>\$ 8,723</u>	<u>\$ 20,810</u>
LIABILITIES				
Due to others	\$ 112,102	\$ 54,435	\$ 8,723	\$ 20,810
Total liabilities	<u>\$ 112,102</u>	<u>\$ 54,435</u>	<u>\$ 8,723</u>	<u>\$ 20,810</u>

Town Hall Window Fund	Barkley Reserve Deposit Fund	Totals
\$ 5,999	\$ 232,725	\$ 434,697
<u>4</u>	<u>337</u>	<u>438</u>
<u>\$ 6,003</u>	<u>\$ 233,062</u>	<u>\$ 435,135</u>
<u>\$ 6,003</u>	<u>\$ 233,062</u>	<u>\$ 435,135</u>
<u>\$ 6,003</u>	<u>\$ 233,062</u>	<u>\$ 435,135</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

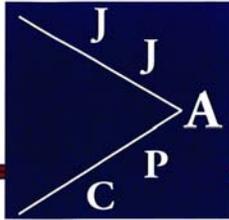
	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<hr/> 1999 Woodside Road/Whiskey Hill Road Parking District <hr/>				
ASSETS				
Cash and investments	\$ 113,765	\$ 112,055	\$ (113,765)	\$ 112,055
Receivables:				
Interest	99	47	(99)	47
Total assets	<u>\$ 113,864</u>	<u>\$ 112,102</u>	<u>\$ (113,864)</u>	<u>\$ 112,102</u>
LIABILITIES				
Due to others	\$ 113,864	\$ 112,102	\$ (113,864)	\$ 112,102
Total liabilities	<u>\$ 113,864</u>	<u>\$ 112,102</u>	<u>\$ (113,864)</u>	<u>\$ 112,102</u>
<hr/> Trails Gifts and Donations Funds <hr/>				
ASSETS				
Cash and investments	\$ 41,492	\$ 12,911	\$ -	\$ 54,403
Receivables:				
Interest	47	32	(47)	32
Total assets	<u>\$ 41,539</u>	<u>\$ 12,943</u>	<u>\$ (47)</u>	<u>\$ 54,435</u>
LIABILITIES				
Due to (from) others	\$ 41,539	\$ 12,943	\$ (47)	\$ 54,435
Total liabilities	<u>\$ 41,539</u>	<u>\$ 12,943</u>	<u>\$ (47)</u>	<u>\$ 54,435</u>
<hr/> Mathisen House <hr/>				
ASSETS				
Cash and investments	\$ 7,417	\$ 1,300	\$ -	\$ 8,717
Receivables:				
Interest	9	6	(9)	6
Total assets	<u>\$ 7,426</u>	<u>\$ 1,306</u>	<u>\$ (9)</u>	<u>\$ 8,723</u>
LIABILITIES				
Due to (from) others	\$ 7,426	\$ 1,306	\$ (9)	\$ 8,723
Total liabilities	<u>\$ 7,426</u>	<u>\$ 1,306</u>	<u>\$ (9)</u>	<u>\$ 8,723</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Marva Oaks				
ASSETS				
Cash and investments	\$ 20,651	\$ 147	\$ -	\$ 20,798
Receivables:				
Interest	24	12	(24)	12
Total assets	<u>\$ 20,675</u>	<u>\$ 159</u>	<u>\$ (24)</u>	<u>\$ 20,810</u>
LIABILITIES				
Due to (from) others	\$ 20,675	\$ 159	\$ (24)	\$ 20,810
Total liabilities	<u>\$ 20,675</u>	<u>\$ 159</u>	<u>\$ (24)</u>	<u>\$ 20,810</u>
Town Hall Window Fund				
ASSETS				
Cash and investments	\$ 5,956	\$ 43	\$ -	\$ 5,999
Receivables:				
Interest	7	4	(7)	4
Total assets	<u>\$ 5,963</u>	<u>\$ 47</u>	<u>\$ (7)</u>	<u>\$ 6,003</u>
LIABILITIES				
Due to (from) others	\$ 5,963	\$ 47	\$ (7)	\$ 6,003
Total liabilities	<u>\$ 5,963</u>	<u>\$ 47</u>	<u>\$ (7)</u>	<u>\$ 6,003</u>
Barkley Reserve Deposit Fund				
ASSETS				
Cash and investments	\$ 231,069	\$ 1,656	\$ -	\$ 232,725
Receivables:				
Interest	465	337	(465)	337
Total assets	<u>\$ 231,534</u>	<u>\$ 1,993</u>	<u>\$ (465)</u>	<u>\$ 233,062</u>
LIABILITIES				
Due to (from) others	\$ 231,534	\$ 1,993	\$ (465)	\$ 233,062
Total liabilities	<u>\$ 231,534</u>	<u>\$ 1,993</u>	<u>\$ (465)</u>	<u>\$ 233,062</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
TOTAL OF ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 420,350	\$ 128,112	\$ (113,765)	\$ 434,697
Receivables:				
Interest	651	438	(651)	438
Total assets	<u>\$ 421,001</u>	<u>\$ 128,550</u>	<u>\$ (114,416)</u>	<u>\$ 435,135</u>
LIABILITIES				
Due to (from) others	\$ 421,001	\$ 128,550	\$ (114,416)	\$ 435,135
Total liabilities	<u>\$ 421,001</u>	<u>\$ 128,550</u>	<u>\$ (114,416)</u>	<u>\$ 435,135</u>



JJACPA, Inc.

A Professional Accounting Services Corp.

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 31, 2014

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA