

TOWN OF WOODSIDE, CALIFORNIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018

Prepared by:

Kevin Bryant
Town Manager

Cindy Safe
Administrative Services Manager

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Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

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Basic Financial Statements
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The Town of
Woodside

March 29, 2019

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, 2018. 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 issues 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, 2018, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the Town's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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Woodside CA 94062

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 Administrative Services Manager Cindy Safe, Management Analyst Patty Higashioka, and Accounts Payable Specialist Paula Wong, the Audit Committee for their diligence in the review of this document and the auditing firm of JJACPA, Inc. I would like to express my appreciation to Joseph Arch, CPA, Brett Jones, CPA, and Fortune Andzouana Mban of JJACPA, Inc. and to the members of the Administrative Department who assisted and contributed to its preparation.

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

Respectfully Submitted,

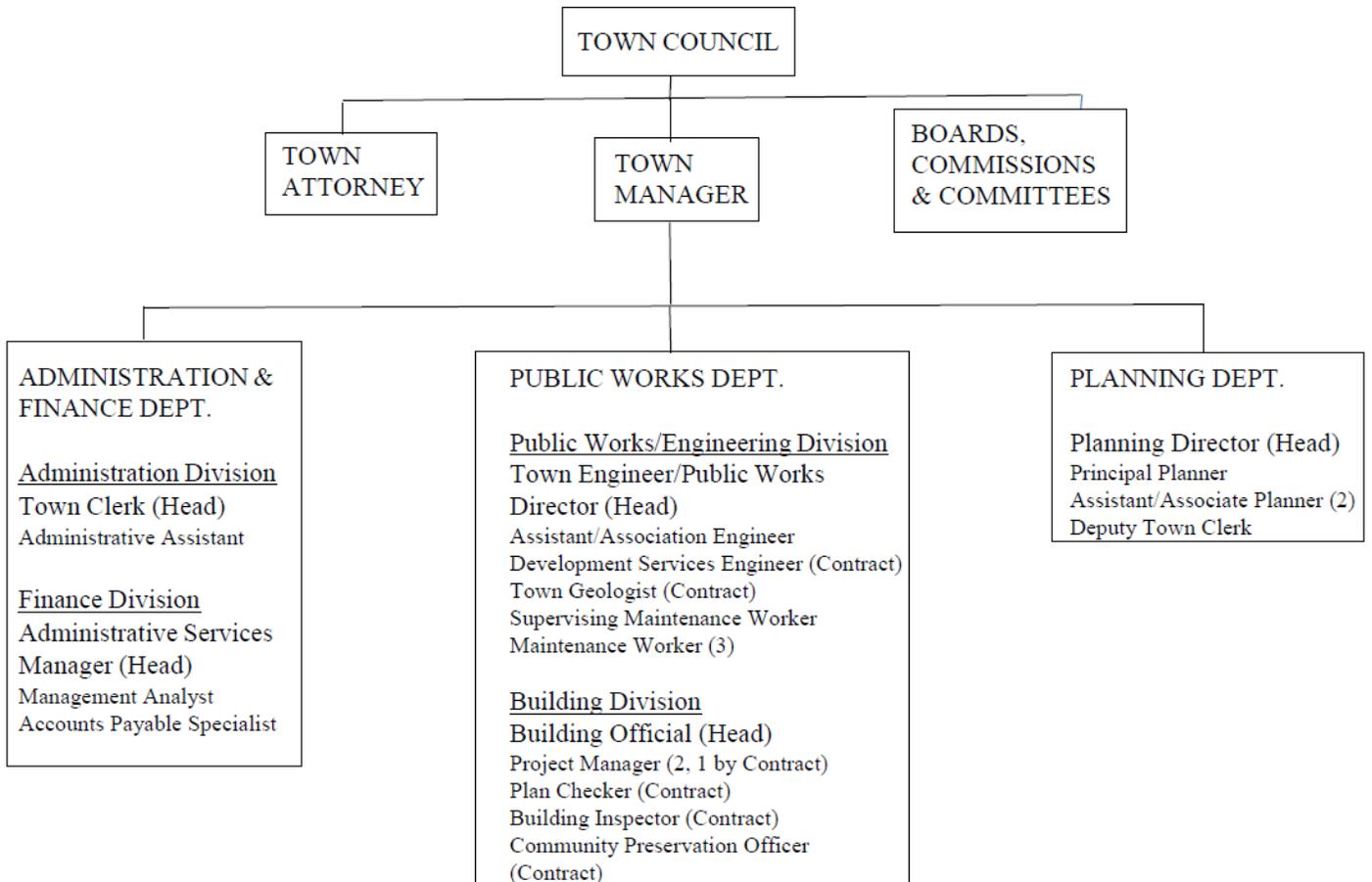
A handwritten signature in dark ink, appearing to read 'Kevin Bryant', written in a cursive style.

Kevin Bryant
Town Manager

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Organization Chart

TOWN OF WOODSIDE
ORGANIZATION CHART



Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

List of Officials

TOWN COUNCIL

- Chris Shaw, Mayor
- Daniel Yost, Mayor Pro Tempore
- Thomas H. Livermore
- Deborah Gordon
- Anne Kaston
- Dave Tanner
- Vacant

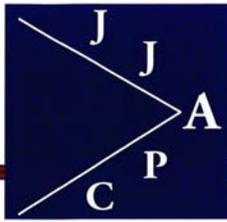
AUDIT COMMITTEE

- Phillip Whalen
- Sonita Ahmed
- Dave Burow

TOWN OFFICIALS

- Kevin Bryant, Town Manager
- Sean Rose, Town Engineer, PE, MBA
- Dora Wong Seamans, MPA, CMC
- Jackie Young, Planning Director
- Cindy Safe, Administrative Services Manager

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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, 2018, 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, 2018, 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 the management's discussion and analysis on pages 3–21, the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 90, the Net OPEB Liability Schedule of Contributions on page 91, the Town's Schedules of Contributions – Miscellaneous Plan on page 92, and the Schedules of the Town's proportionate Share of the Net Pension Liability on page 93, 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, the introductory section and the supplementary schedules 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.

The introductory section and supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it

Implementation of New Accounting Standards

As disclosed in the Note 1 to the financial statements, the Town implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," during the fiscal year 2018. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 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 29, 2019

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

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, 2018. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

Executive Summary

The Town of Woodside ended fiscal year 2017 in robust fiscal health with combined fund (excluding sewer funds) balances of \$8.2 million, a 14.7% increase from fiscal year 2016.

The largest portion of the Town's combined funds is the General Fund, which accounts for the general revenues (property tax, sales tax, and fees) and expenditures of the Town. The Town began the fiscal year with over \$6.2 million available in the General Fund, a figure that represents over 85% of operating revenue. The budget for the year included \$7,097,979 for the General Fund operations which consisted mainly of Town personnel and the many contract services the Town manages. Contract services include the police contract with the San Mateo County Sheriff's Department; plan check, building inspection, and engineering services; as well as the Town Attorney. The operating budget also includes routine maintenance of the Town's facilities and information systems.

The Capital Improvement Program (CIP) budget includes revenue from the General Fund for a continuing Town storm drain rehabilitation project of \$423,460 and \$1.2 million to support road projects, such as the annual road rehabilitation project. The CIP also includes funds from four other sources, the State of California's gas tax (augmented this year by new funding from SB1), fines, road impact fees, and the San Mateo County Measure A sales tax. Projects include the annual road rehabilitation project; the engineering and design work on the Old La Honda and Portola Road bridges; the design of the next phase of the Safe Routes to School improvements on Woodside Road; the improvement of the bicycle lane on Alameda de las Pulgas from Fernside to Woodside Road; repair and rehabilitation of the Kings Mountain and Mountain Home Road bridges and design work for a path on Hillside Drive from Alta Mesa to Glenwood Avenue in the Glens.

The Town's only enterprise fund (a fund whose expenses must be covered by revenue generated), the sewer fund, borrowed \$775,000 in December 2016 from the General Fund (at a rate of 2.5% interest and a term of 9 years) to replace the 30-year-old Town Center sewer pump. In April 2018 the Town Center pump station replacement was completed by McGuire & Hester at a total construction cost of \$1,073,755.

In April 2018 the Town had Bartle Wells Associates prepare a Sewer rate study for the Town Sewer center pump which recommended a fee increase to cover future Sewer expenses. A public hearing was held in June 2018 and the new increased sewer rates were adopted beginning fiscal year 2019 through fiscal year 2023. Annual residential parcels (Town Center Area) increases from \$1,450 to \$2,300 incrementally through fiscal year 2023. All other rates were increased accordingly.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

FINANCIAL HIGHLIGHTS, CONTINUED

The Town of Woodside ended FY 2018 in an even better financial position, with combined fund balances of \$10.1 million, a 23% increase. This is due to underspending the expense budget and revenues which were greater than what was budgeted. This increase in fund balances occurred in FY 2018 despite the budget including a plan to spend \$366,045 more for capital improvements from the General Fund than the Town conservatively expected to receive in revenue.

The Town's five-year forecast plans to continue spending the General Fund surplus on capital improvements. In 2018-19, these include road and storm drain rehabilitation and in the near future repair of the stream bank on Kings Mountain Road and installation of solar panels on Town facilities.

Highlights

- ◆ In total, Town assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$24.4 million, which is a \$458,813 increase compared to the beginning net position. (page 8).
- ◆ Enterprise Fund net position increased \$67,443 to \$1.055 million. The net position includes \$466,444, which was the amount due from the Sewer fund to the General Fund. (Page 8)
- ◆ Governmental fund balances increased \$391,370, to \$23.34 million. Of this amount, \$4.78 million was unrestricted and available for spending at the Town's discretion. \$1.55 million is restricted special revenue funds (Page 8)
- ◆ The Town's total revenues for governmental and business-type activities increased \$1.49 million or 15.9% in fiscal year 2018. Increases can be attributed to increases in, charges for services (increased building and planning activity - \$523,943), property tax and assessments (\$88,852), sales tax (\$138,394), use of money and property (interest on LAIF investment account - \$87,137), and capital and operating grants (mostly for roads projects - \$603,147). (Pages 26 and 27)
- ◆ Overall actual general fund revenues of \$8,538,260 were \$1,201,929 greater than budget of \$7,336,331. General fund expenses of \$6,875,545 were \$197,434 less than budget of \$7,072,979. This resulted in an overall \$1,399,363 revenues over expenses for the general fund.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

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.

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.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

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, 2018, the Town's major funds are as follows:

GOVERNMENTAL FUNDS:

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

PROPRIETARY FUND:

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

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
- ◆ Arts and Culture Fund

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.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

Fund Financial Statements, Continued

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.

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 55-87 of this report. Required Supplementary Information follows the notes on page 90.

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 98-112 of this report.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets exceeded liabilities by \$24,398,865 at the close of the most recent fiscal year. Capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets, represent 76% of the Town's net position. The Town uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Position

	2018			2017			Total change	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Amount	Percent
Current and other assets	\$ 11,070,355	\$ 369,246	\$ 11,439,601	\$ 9,895,071	\$ 588,552	\$ 10,483,623	\$ 955,978	9.1%
Noncurrent assets	17,011,048	1,521,742	18,532,790	17,516,507	563,266	18,079,773	453,017	2.5%
Deferred outflows of resources	1,506,937	31,534	1,538,471	943,267	26,648	969,915	568,556	58.6%
Total assets and deferred outflows of resources	29,588,340	1,922,522	31,510,862	28,354,845	1,178,466	29,533,311	1,977,551	6.7%
Current and other liabilities	999,304	713,865	1,713,169	1,732,465	97,427	1,829,892	(116,723)	-6.4%
Long-term liabilities	4,812,888	141,709	4,954,597	3,550,951	81,669	3,632,620	1,321,977	36.4%
Deferred inflows of resources	432,581	11,650	444,231	119,232	11,515	130,747	313,484	239.8%
Total liabilities and deferred inflows of resources	6,244,773	867,224	7,111,997	5,402,648	190,611	5,593,259	1,518,738	27.2%
Net position:								
Net investment in capital assets	17,011,048	1,521,742	18,532,790	17,516,507	563,266	18,079,773	453,017	2.5%
Restricted	1,548,996	-	1,548,996	1,047,741	-	1,047,741	501,255	47.8%
Unrestricted	4,783,523	(466,444)	4,317,079	4,387,949	424,589	4,812,538	(495,459)	-10.3%
Total net position	\$ 23,343,567	\$ 1,055,298	\$ 24,398,865	\$ 22,952,197	\$ 987,855	\$ 23,940,052	\$ 458,813	1.9%

The table is a summary of the Town's net position for this fiscal year compared to last fiscal year. The table shows the total capital assets for this year (\$18,532,790), total restricted funds (\$1,548,996), and the remaining amount which is in unrestricted funds of \$4,317,079, which will be used to meet the Town's ongoing obligations to citizens and creditors funded through current revenues.

The largest change is an increase of deferred inflows of resources from \$130,747 to \$444,231 due to OPEB being added to the financial statements this year (see Note 11). There is also an increase in deferred outflows of \$568,556 also due to \$232,617 of OPEB being added to the financial statements this year and \$335,939 additional pension obligations (see Note 10). All of these changes are due to updated actuarial reporting.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The Town's total revenues for governmental and business-type activities were \$10,846,963 (see table on Page 12) for the fiscal year ended June 30, 2018. Approximately 89% of the Town's revenues are generated from five major sources, Charges for Services, Property Taxes and Assessments, Operating and Capital Grants and Contributions, Sales and use tax, and Franchises. Total revenue last fiscal year was \$9,360,854, therefore in fiscal year 2018 revenue was \$1,486,109 more, a 16% total increase.

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

1. **Charges for Services** – Charges for services has gone up \$523,943 or 22.34% from last year. Development related fees and permits have contributed the most to this increase. No increases in the Fee Schedule have taken place since May 2013. In FY 2018 there was an approximately \$120,000 increase in building permits and \$50,000 increase in other building related permits in Woodside. Increases in public works related permits was \$230,000, which includes road impact fees and engineering and plan checks. Increases in Sewer revenue were \$70,000 and included new sewer connection fees and an increase in overall fees. There was also an increase in staff charges against deposits of approximately \$40,000, and penalties \$15,000.
2. **Property Taxes and Assessments** – The property taxes and assessments category for FY 2018 includes not only Property Tax – secured, unsecured, SB 813, prior years, but also the additional categories of Home Owner Property Tax Relief (HOPTR), and Property Tax in-lieu. FY 2018 revenue shows an increase of 1.85% (\$88,852) due to increased property taxes. Overall secured property taxes are up \$200,000 or 6% from last year due to an increase in secured property tax value. The largest decrease was in Library revenue of \$200,000 which was requested from the Town's share of the San Mateo County Library JPA for capital improvements last year and no capital expenses this fiscal year (the Library JPA explained in more detail top of page 18).
3. **Grants and Contributions – Operating and Capital** – The Grants and Contributions (Operating) category for FY 2018 increased \$603,147 from last fiscal year and including the operating sub-categories of the State Citizens' Option for Public Safety (COPS) program (grant remained the same as last year), State of California gas tax (which included a new state gas tax SB1 of \$33,200) and Measure A tax (increase of \$15,656). Capital grants included: Highway Bridge Program (HPB) grants for Kings Mountain Road, Mountain Home Road, and Portola Road bridges totaling \$7,129; grant from the state for the Portola Road culvert project grant of \$60,304; and \$213,377 for the OES (Office of Emergency Services) grant for Mountain Home Rd and Woodside equestrian bridge, Old La Honda Road Culvert, West Maple Slide, general debris removal and emergency protection measures. Lastly, the largest grant was from San Mateo County (Measure A Grant) for \$275,000 for bicycle and pedestrian improvements.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

4. **Sales and use tax** – Sales tax experienced a \$138,394 or 23% increase in FY2018 due to an increase in sales tax revenues from last fiscal year, which may be a result of San Mateo County pooling on-line sales and allocating a portion to the Town of Woodside.

5. **Franchises** - Franchise revenues for the Town of Woodside are derived from franchise agreements with gas, electric, water, garbage, cable TV, and telecommunications providers. Revenues from this source have increased slightly \$7,633 or 1.6% from last year.

Expenses

Governmental and business-type activities expenses of the Town totaled \$9,461,425 (see table on page 12) for the year a 3.8% or \$369,641 decrease from last fiscal year. Governmental activities expenses totaled \$8,979,056 or 95% of total expenses. Safety Services costs represented 20.3% (\$2,201,393) of total governmental activities expenses, a \$305,122 or 16.1% increase from last year. Public works costs amounted to \$3,167,987 or 29.2% of total governmental expenses, a decrease of \$539,826 or 14.6% from FY2017. The safety services increase is due to a contractual increase for services from San Mateo County as well as increased funding for the Town’s Defensible Space Matching Fund Program. The Public Works decrease is due to the 2017 road rehabilitation project beginning and ending earlier than usual, so most of the expenses were in fiscal year 2017 (instead of this fiscal year). The road rehabilitation project takes place over the summer and depending on the road contractor’s availability, sometimes the work takes place before June 30 the last day of the fiscal year. Because the Town uses accrual accounting for June, when expenses come in July and August they are accrued to June.

One of the main components of the Public Works Department expenses are capital project expenses (most are not capital assets, so are not depreciated). Capital projects are usually one-time expenses and included in the capital section of the budget. The following are capital project expenses for this year and last:

Capital Projects	2017-18 Expenses	2016-17 Expenses
2016 Road Improvement Project	\$ -	\$ 526,536
Storm Drain Project	75,017	496,337
2017 Road Improvement Project	173,954	346,721
Library Remodel Project	-	196,368
Woodside School Path	79,277	108,633
Portola Rd Culvert Project	5,695	76,740
Trails Projects	27,625	59,214
Bicycle and Ped Impv Fernside/Alam	241,405	52,486
Old La Honda Bridge Improvement	3,997	-
Kings Mountain Road Bridge Impv	15,811	-
Portola Rd Bridge Improvement	31,926	-
Kings Mountain Road Bank Repair	54,530	-
Bike Ped Kings Mtn Rd Safety	14,613	-
Mt Home Rd Metal Beam Guard Rail	13,662	-
TOTAL	\$ 737,511	\$ 1,863,037

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The Administration and Finance Department expenses decreased slightly by \$24,728 or 1.7% from FY 2017 to FY 2018. There was some turnover in long term finance personnel and a new contract payroll service implemented, but the net change in expenses was negligible.

The Townwide overhead expense decreased 7.3% or \$32,550 from FY 2017 to FY 2018, mostly due to the Town Hall office remodel and new computers in FY 2017 and nothing in addition to ordinary expenses in FY 2018.

Building and Grounds costs were \$207,796 a \$141,344 decrease, due to the new Town Hall deck in FY 2017 and no similar capital expense in FY 2018.

Planning Department had expenses of \$983,127 a 9% decrease or \$97,354, due to a decrease in professional services (staff augmentation) and advertising (public noticing) in FY 2018. There were more and larger planning projects in FY 2017, than FY 2018.

Barkley Fields expenses decreased \$21,281 due to several new field maintenance projects including re-sodding the field, trimming of eucalyptus trees, and plumbing issues at the Barkley bathrooms in FY 2017 and ordinary maintenance with no new projects in FY 2018.

Town Council expenses increased \$13,153 due to a larger volunteer appreciation event in December and increased Arts and Culture committee First Friday event expenses in FY 2018 than FY 2017.

Library expenses decreased \$18,819 due to less personnel and contractor expense because of the end of final library remodeling expenses in FY 2017.

Business type activities (sewer system) had a net position that was \$182,371 higher than last fiscal year. A portion of the sewer expenses and revenues represents a December 2016 Town Sewer Center fund loan of \$775,000 from the General Fund. This loan, approved by Town Council, is at a rate of 2.5% interest and a term of 9 years and was used to replace the 30-year-old sewer pump. In June 2018 the first payment of \$100,000 was paid back to the general fund from the Town Sewer center pump fund (\$694,375 principal balance). For more information about Business type activities see pages 15-17.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in net position for the fiscal years ended June 30, 2018, and 2017, follows (pages 26 and 27):

	Changes in Net Position					
	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,282,859	\$ 586,779	\$ 2,869,638	\$ 1,828,843	\$ 516,852	\$ 2,345,695
Grants and contributions:						
Operating	646,643	-	646,643	588,835	6,222	595,057
Capital	559,974	-	559,974	8,413	-	8,413
General revenues:						
Property taxes and assessments	4,899,105	-	4,899,105	4,810,253	-	4,810,253
Sales and use tax	748,344	-	748,344	609,950	-	609,950
Property transfer tax	198,534	-	198,534	159,795	-	159,795
Other taxes	82,488	-	82,488	82,327	-	82,327
Franchises	482,295	-	482,295	474,662	-	474,662
Business licenses	156,868	-	156,868	156,648	-	156,648
Fines and forfeitures	25,849	-	25,849	25,694	-	25,694
Use of money and property	133,057	9,033	142,090	50,750	4,203	54,953
Other general revenues	35,135	-	35,135	37,407	-	37,407
Total revenues	10,251,151	595,812	10,846,963	8,833,577	527,277	9,360,854
Expenses:						
Governmental activities:						
Town Council	51,181	-	51,181	38,028	-	38,028
Administration and Finance	1,409,418	-	1,409,418	1,434,146	-	1,434,146
Planning Department	983,127	-	983,127	1,080,481	-	1,080,481
Buildings and Grounds	207,796	-	207,796	349,140	-	349,140
Town-wide Overhead	410,821	-	410,821	443,371	-	443,371
Safety Services	2,201,393	-	2,201,393	1,896,271	-	1,896,271
Trails and Stables	55,187	-	55,187	40,556	-	40,556
Barkley Fields	255,011	-	255,011	276,292	-	276,292
Library Services	141,405	-	141,405	160,224	-	160,224
Public Works	3,167,987	-	3,167,987	3,707,813	-	3,707,813
Recreation and Open Space	95,730	-	95,730	104,746	-	104,746
Business-type activities:						
Sewer Capital Improvement	-	22,058	22,058	-	-	-
Sewer Utility	-	433,320	433,320	-	198,326	198,326
Town Center Pump Sewer	-	-	-	-	74,878	74,878
Cañada Corridor Sewer	-	26,991	26,991	-	26,794	26,794
Total expenses	8,979,056	482,369	9,461,425	9,531,068	299,998	9,831,066
Excess (Deficiency) of revenues over expenditures before transfers	1,272,095	113,443	1,385,538	(697,491)	227,279	(470,212)
Transfers	46,000	(46,000)	-	40,800	(40,800)	-
Change in net position	1,318,095	67,443	1,385,538	(656,691)	186,479	(470,212)
Net position:						
Beginning of year	22,952,197	987,855	23,940,052	23,608,888	801,376	24,410,264
Adjustments	(926,725)	-	(926,725)	-	-	-
Beginning, as adjusted	22,025,472	987,855	23,013,327	23,608,888	801,376	24,410,264
End of year	\$ 23,343,567	\$ 1,055,298	\$ 24,398,865	\$ 22,952,197	\$ 987,855	\$ 23,940,052

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all governmental activities this year was \$8,979,056. However, as shown in the Statement of Activities on page 26 and 27, the amount that taxpayers ultimately financed for governmental activities was \$5,489,580. Those who directly benefited from town programs paid \$2,282,859. Other governments and organizations subsidized certain programs with grants and contributions in the amount of \$646,643 for operations and \$559,974 for capital. The Town paid the remaining "public benefit" portion of government activities with \$4,899,105 in property taxes, \$1,836,468 in other general revenues, and \$142,090 in use of money and property.

Referring to the Changes in Net Position statement (page 12), total resources available during the year to finance governmental operations were \$10,251,151. This consisted of \$3,489,476 in program revenues and \$6,761,675 in general revenues. Total governmental activities operating expenses during the year were \$8,979,056. Net position beginning balance (after the OPEB adjustment of \$926,725 see Note 1, page 53) at (July 1, 2017), was \$22,025,472 increased net position by \$1,396,937 to ending balance net position of \$23,343,567. This net position increase is primarily due to a \$1,417,574 or 15.9% increase in revenues and small decrease of \$552,012 or 5.8% in expenses. The specific increases in revenue are, charges for services (increased building and planning activity - \$523,943), property tax and assessments (\$88,852), sales tax (\$138,394), use of money and property (interest on LAIF investment account - \$87,137), and capital and operating grants (mostly for roads projects - \$603,147). Expenses were about the same (differences in departments noted above on page 10), the largest decrease was in Public Works due to the road rehabilitation expenses for the summer of 2017 were being captured in FY 2017, instead of FY 2018.

The following table shows the cost of each of the Town's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the Town's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2018, and 2017, are as follows:

	Operating Revenue		Operating Expenses		Net (Expense) and Changes in Net Position	
	2018	2017	2018	2017	2018	2017
Governmental activities:						
Town Council	\$ -	\$ -	\$ 51,181	\$ 38,028	\$ (51,181)	\$ (38,028)
Administration and Finance	184,855	143,693	1,409,418	1,434,146	(1,224,563)	(1,290,453)
Planning Department	669,591	492,869	983,127	1,080,481	(313,536)	(587,612)
Buildings and Grounds	-	-	207,796	349,140	(207,796)	(349,140)
Town-wide Overhead	-	-	410,821	443,371	(410,821)	(443,371)
Safety Services	169,935	142,755	2,201,393	1,896,271	(2,031,458)	(1,753,516)
Trails and Stables	1,065	13,176	55,187	40,556	(54,122)	(27,380)
Barkley Fields	10,938	3,500	255,011	276,292	(244,073)	(272,792)
Library Services	-	-	141,405	160,224	(141,405)	(160,224)
Public Works	2,310,264	1,469,588	3,167,987	3,707,813	(857,723)	(2,238,225)
Recreation and Open Space	142,828	160,510	95,730	104,746	47,098	55,764
Total governmental activities	\$ 3,489,476	\$ 2,426,091	\$ 8,979,056	\$ 9,531,068	\$ (5,489,580)	\$ (7,104,977)

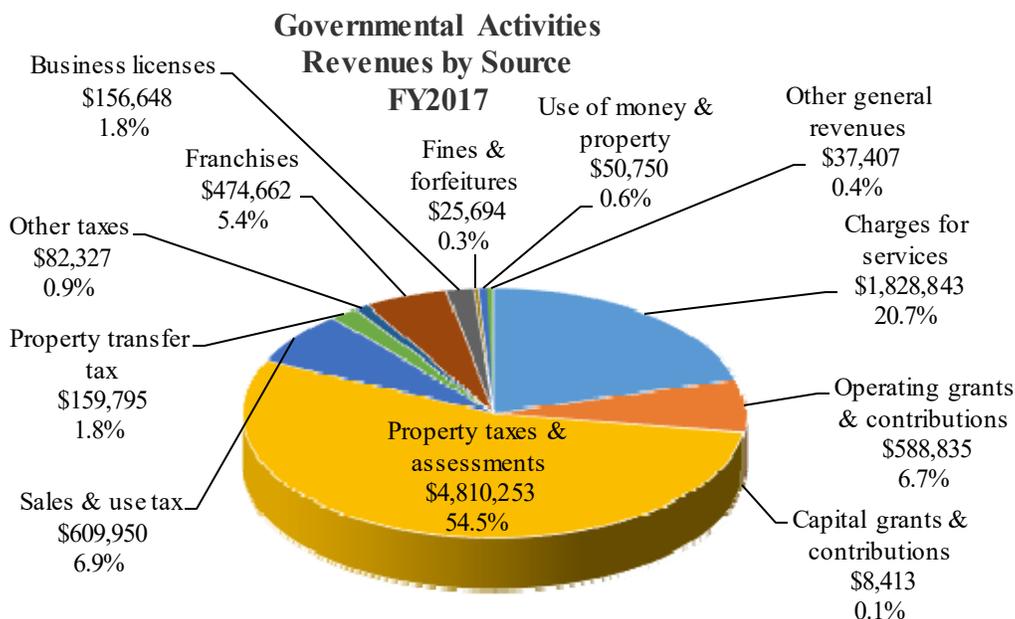
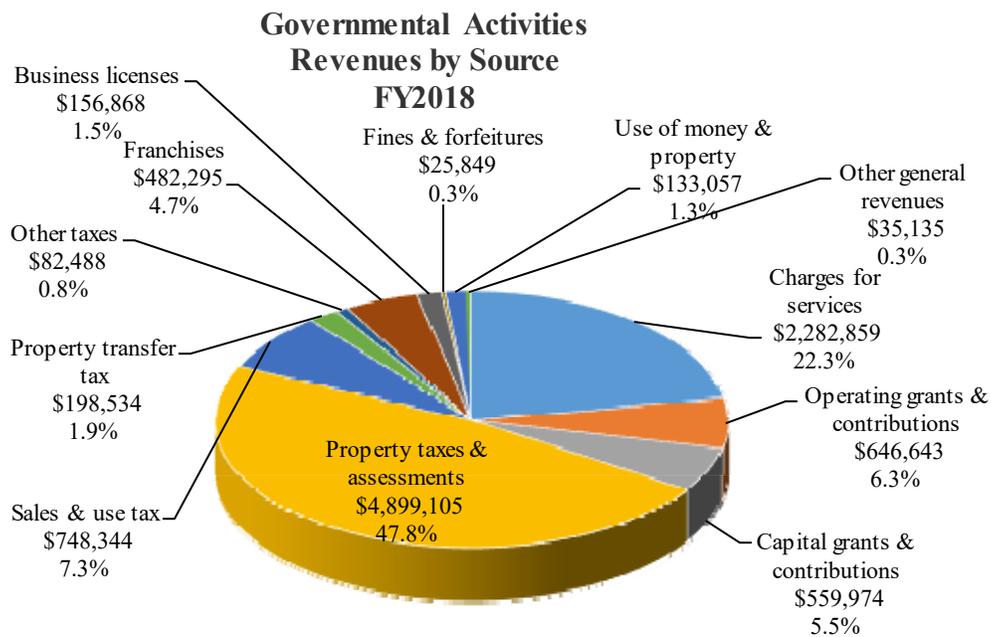
Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:



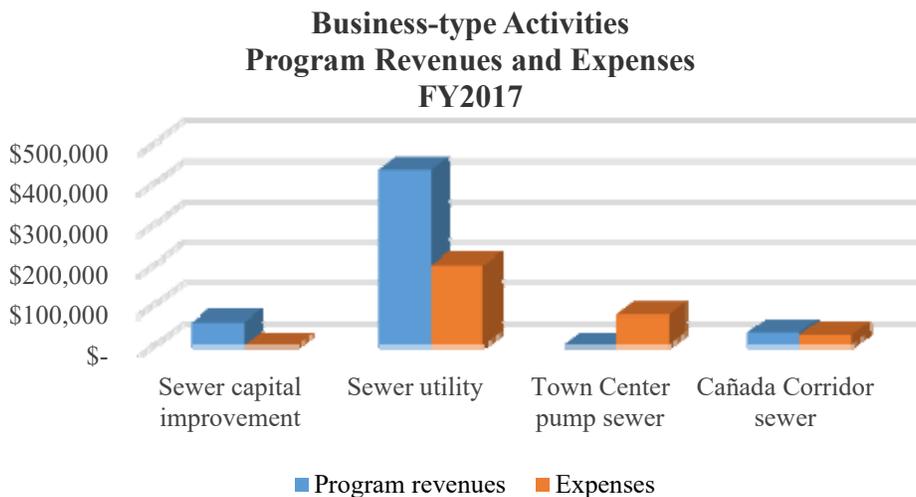
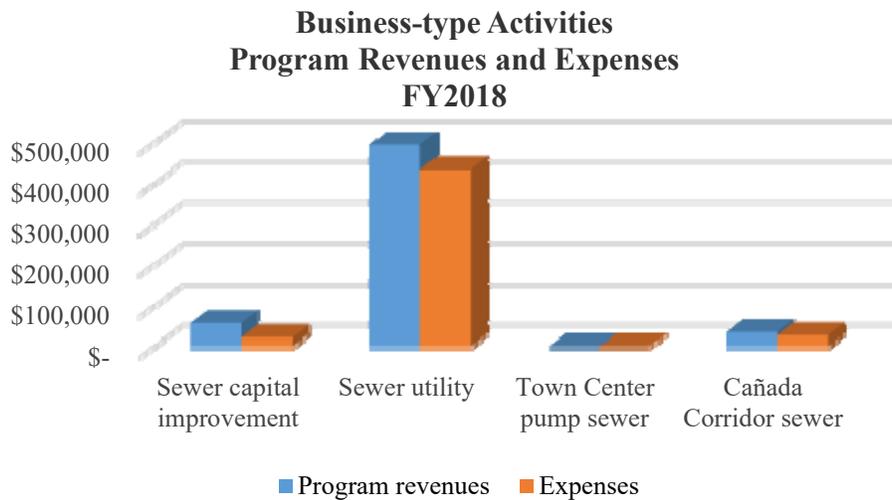
Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities

Business-type activities incurred \$482,369 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, 2018, and 2017, are as follows:



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

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

As reported in the Statement of Activities, the net position of the Town’s Business-type Activities, as of June 30, 2018, decreased \$119,036 from FY 2017. 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

	6/30/2018	6/30/2017	Change
Revenues:			
Charges for Services	\$ 469,862	\$ 516,852	\$ (46,990)
Operating grants and contributions	-	6,222	-
Sewer Contractor Settlement	116,917	-	\$ 116,917
Use of money and property (interest)	9,033	4,203	4,830
Total	\$ 595,812	\$ 527,277	\$ 74,757
Expenses:			
Redwood Creek Sewer	\$ 22,058	\$ -	\$ 22,058
Town Sewer Utility	433,320	198,326	234,994
Town Center Pump Sewer	-	74,878	(74,878)
Cañada Corridor Sewer	26,991	26,794	197
Total	\$ 482,369	\$ 299,998	\$ 182,371
Excess (Deficiency) of revenues over expenditures before transfers	\$ 113,443	\$ 227,279	\$ (107,614)
Transfers	(46,000)	(40,800)	(5,200)
Change in Net Position	\$ 67,443	\$ 186,479	\$ (119,036)

Business-type activities total revenue for FY 2018 is \$595,812. Revenues for this year exceeded expenses by \$113,443. These revenues are received from three sources, Charges for Sewer Services \$469,862, Sewer contractor settlement \$116,917, and LAIF Investment Earnings \$9,033. 79% of the funding received for Sewer business services is derived through charges for this service. Charges for sewer services were down 9% or \$46,990. Even though there was also an overall increase in residential and commercial sewer fees (a sewer utility bill paid by residents and business’ through their property tax bill) and four new Redwood Creek Sewer connection fees of \$57,000 (the same as last fiscal year), there was not a new connection to the Town Center Sewer (like there was last fiscal year), so the revenue from charges of service is a little less this fiscal year. There was, however, a sewer contractor settlement reimbursement of a \$116,917 for a design error for the new Town Center Pump, which the Town didn’t have last fiscal year, and increased revenue overall from last year by \$74,757 or 14.2%. The balance of Sewer revenue is LAIF investment earnings on cash.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Sewer expenses were \$182,371 higher in FY 2018. Expenses are mainly maintenance, transportation and treatment contracts that cover operations of the sewer, these expenses have increased \$39,000. Other items that caused an increase were \$20,006 in interest from interfund and interagency loans, \$22,058 is due to a return on two Redwood Creek Sewer connections from a previous fiscal year, and \$101,071 in new depreciation expense from the new sewer pump (last fiscal year there was none since the old system was fully depreciated). Lastly, this fiscal year the category Town Sewer Utility and Town Center Pump Sewer were combined since they both represent the Town Center Sewer.

Transfers represent overhead payments to the general fund for sewer administration.

Financial Analysis of the Government's Funds

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 (pages 30 and 31).

The Town's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2018, the Town's governmental funds reported combined fund balances of \$10,098,174 (page 31). This is an increase of \$1,908,445 or 23% from last year. The increase results primarily from an increase in General Fund (property tax, sales tax, and fees) of \$1,078,737, non-major governmental funds (gas tax, law enforcement, and road impact fees) of \$266,323, and Measure A fund of \$214,096 (slightly more revenue and a decrease in expenses). Specifically, General Fund increases can be attributed to charges for services (increased building and planning activity - \$523,943), property tax and assessments (\$88,852), sales tax (\$138,394), use of money and property (interest on LAIF investment account - \$87,137), and capital and operating grants (mostly for roads projects - \$603,147). Overall there is a 10.2% increase in assets of \$1,025,270 from last year and a decrease in liabilities of \$895,871, mostly due to a decrease in accounts payable of \$1,059,441 and \$67,899 less in deposits payable from last fiscal year.

- ◆ The increase of General Fund Cash and Investments of \$1,255,129 from FY 2017 is mostly due to a continued overall increase in most revenues. This fiscal year, there was an overall net revenue in the General Fund of \$1,662,715 (before transfers) and \$609,972 in FY 2017. This increase is due to an increase in every revenue category on page 34 of the financial statements (property tax, sales tax, and fees).
- ◆ There is an increase in the Library Operations Fund balance of \$19,391. 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 and the JPA holds funds in trust for Woodside. For FY 2018, \$420,863 was added to the JPA fund through property taxes. This left the JPA Woodside balance at \$1,464,045 as of June 30, 2018 (an overall \$302,739 increase over last fiscal year).

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- ◆ 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. There was an increase in Measure A fund balance this fiscal year of \$226,972 or 40%, due to a small increase in taxes and less expenditures of Measure A funds.
- ◆ The Capital Projects Fund was a new major fund in fiscal year 2016, created to update infrastructure and spend down the General Fund balance. A 5-year \$9,623,801 capital improvement program budget approved by Town Council in FY 2018. This fund reflects all the expenses for capital projects approved in the budget. Transfers in (made on a quarterly basis) from other Town funds (General, Measure A, Road Impact Fee, Gas Tax, Sewer, Library, and grants), also appropriated through the budget, reduce these capital expenses, so that the fund is close to zero at year end.

Capital Assets

The capital assets of the Town are those assets which are used in the performance of the Town’s functions. At June 30, 2018, net capital assets of the governmental activities totaled \$17,011,048. Depreciation on capital assets is recognized in the government-wide financial statements. The following table shows the Town’s Capital Assets net of depreciation:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -
Buildings and improvements	7,370,099	7,669,733	-	216,220
Machinery and equipment	172,576	378,401	-	-
Pumps and collection systems	-	-	1,521,742	347,046
Total	\$ 17,011,048	\$ 17,516,507	\$ 1,521,742	\$ 563,266

Additional information on the Town’s capital assets can be found in Note 4 on page 68 of this report.

Capital improvement projects

No new governmental activity capital improvement expenses were incurred and \$377,569 in equipment was retired. For business (sewer) type activities a new Town Center Sewer Pump was built for \$1,291,767 in new depreciable sewer capital improvements. Additional information on the Town’s capital assets can be found in Note 4 on page 68 of this report.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Long Term Liabilities

Long term liabilities increased by a total of \$1,261,937.

The largest increase (72%) is due to the new GASB 75 requirement (effective at the end of this fiscal year June 30, 2018) that the Town show net Other Postemployment Benefits (or OPEB) on the Town's financial statements for the first time this fiscal year. For FY 2018 this long-term liability is \$1,019,088. The amount is calculated by using the Actuarial Accrued Liability of \$1,716,046, net of market value of assets (Town of Woodside's CalPERS OPEB account) of \$696,958, which is the result of the Town's Section 115 Trust setup to fund future premiums under the Plan.

Another increase came from the GASB 68 requirement (effective June 30, 2015) that Town net pension liabilities be included in municipal financial statements, which for FY 2018 increased \$388,542. The increase is due to CalPERS reducing the discount rate from 7.5% to 7% over three years ending with June 30, 2021. Net pension and OPEB liabilities were not reported in previous years. Additional information can be found in Footnote 5 page 70 and Footnote 10 and 11 starting on page 74 of this report.

Compensated absences due at year end decreased \$3,210.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management’s Discussion and Analysis, Continued

NEXT YEAR’S BUDGETED APPROPRIATIONS

The adopted budget for all Town funds (excluding Sewer, Parking District, and Capital) for the new fiscal year of 2018-19 is \$11,100,876 and is summarized as follows:

	FY2018-19 (Budget)	FY2017-18 (Budget)	Amount Change	Percentage Change
General fund:				
Town Council	\$ 41,538	\$ 32,538	\$ 9,000	27.7%
Administration and Finance	1,313,039	1,313,720	(681)	(0.1)%
Planning Department	1,092,087	1,048,337	43,750	4.2%
Buildings and Grounds	238,573	270,541	(31,968)	(11.8)%
Town-wide Overhead	421,000	423,500	(2,500)	(0.6)%
Safety Services	2,404,802	1,963,414	441,388	22.5%
Trails and Stables	102,678	81,459	21,219	26.0%
Barkley Fields	188,860	188,830	30	0.0%
Public Works	3,161,575	1,661,140	1,500,435	90.3%
Recreation and Open Space	117,000	124,500	(7,500)	(6.0)%
Total general fund:	9,081,152	7,107,979	1,973,173	27.8%
Special revenue funds:				
Library Operations	131,140	134,365	(3,225)	(2.4)%
Measure A	1,212,103	376,061	836,042	222.3%
Traffic Safety	24,000	24,000	-	0.0%
Road Impact Fees	330,504	339,688	(9,184)	(2.7)%
Gas Tax	181,977	173,307	8,670	5.0%
Supplemental Law Enforcement	140,000	100,000	40,000	40.0%
Total special revenue funds:	2,019,724	1,147,421	872,303	76.0%
Total Budget:	\$ 11,100,876	\$ 8,255,400	\$ 2,845,476	

1. General Fund – Increases in the General Fund budget include continued capital spending in public works based on the capital program 5-year plan. Projects include continuing storm drain repair and replacement, trails and water crossings, Kings Mountain Road stabilization, Glens pathway, and Solar/EV installation. Safety Services includes an annual increase in the San Mateo County Sheriffs contract with the Town, along with additional motorcycle police coverage for FY19. Town Council budget increased due to elections in FY19. All other departments remain about the same.
2. Library Operations – Library FY19 budget is about the same as FY 2018.
3. Measure A– Measure A FY 19 budget increased by \$836,042 to incorporate contributions of ten new capital road projects, the largest (75%) being the annual road rehabilitation project budgeted of \$626,000.

Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

Management's Discussion and Analysis, Continued

NEXT YEAR'S BUDGETED APPROPRIATIONS, Continued

1. Traffic Safety, Road Impact Fees, and Gas Tax – These roads tax and fee generated capital projects remain the same.
2. Supplemental Law Enforcement - Budget from year to year remained the same, except for this fiscal year the Town will take the current law enforcement revenue and some of the remaining balance to purchase speed trailers.

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.woodsidesidtown.org.

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BASIC FINANCIAL STATEMENTS

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Town of Woodside, California
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 10,088,640	\$ 366,831	\$ 10,455,471
Receivables:			
Accounts receivable	62,696	136	62,832
Interest receivable	48,466	2,279	50,745
Intergovernmental receivable	34,976	-	34,976
Taxes receivable	137,603	-	137,603
Other receivables	3,599	-	3,599
Internal balances	694,375	(694,375)	-
Capital assets:			
Nondepreciable	9,468,373	-	9,468,373
Depreciable	7,542,675	1,521,742	9,064,417
Total assets	28,081,403	1,196,613	29,278,016
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	1,274,320	31,534	1,305,854
OPEB	232,617	-	232,617
Total assets and deferred outflows of resources	\$ 29,588,340	\$ 1,228,147	\$ 30,816,487
LIABILITIES			
Accounts payable and accrued liabilities	\$ 394,179	\$ 19,490	\$ 413,669
Deposits payable	578,002	-	578,002
Compensated absences - current portion	27,123	-	27,123
Long-term liabilities:			
Compensated absences	240,893	-	240,893
Note payable	-	53,100	53,100
Net OPEB obligation	1,019,088	-	1,019,088
Net pension liability	3,552,907	88,609	3,641,516
Total liabilities	5,812,192	161,199	5,973,391
DEFERRED INFLOWS OF RESOURCES			
Pension plan	128,396	11,650	140,046
OPEB	304,185	-	304,185
Total deferred inflows of resources	432,581	11,650	444,231
NET POSITION			
Net investment in capital assets	17,011,048	1,521,742	18,532,790
Restricted	1,548,996	-	1,548,996
Unrestricted	4,783,523	(466,444)	4,317,079
Total net position	23,343,567	1,055,298	24,398,865
Total liabilities, deferred inflows of resources and net position	\$ 29,588,340	\$ 1,228,147	\$ 30,816,487

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, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Town Council	\$ 51,181	\$ -	\$ -	\$ -
Administration and Finance	1,409,418	184,855	-	-
Planning Department	983,127	669,591	-	-
Buildings and Grounds	207,796	-	-	-
Town-wide Overhead	410,821	-	-	-
Safety Services	2,201,393	30,519	139,416	-
Trails and Stables	55,187	1,065	-	-
Barkley Fields	255,011	10,938	-	-
Library Services	141,405	-	-	-
Public Works	3,167,987	1,243,063	507,227	559,974
Recreation and Open Space	95,730	142,828	-	-
Total governmental activities	8,979,056	2,282,859	646,643	559,974
Business-type activities:				
Sewer Capital Improvement	22,058	57,000	-	-
Sewer Utility	433,320	494,636	-	-
Town Center Pump Sewer	-	-	-	-
Cañada Corridor Sewer	26,991	35,143	-	-
Total business-type activities	482,369	586,779	-	-
Total primary government	\$ 9,461,425	\$ 2,869,638	\$ 646,643	\$ 559,974

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use tax

Property transfer tax

Other taxes

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

Adjustments

Beginning, as adjusted

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
\$ (51,181)	\$ -	\$ (51,181)
(1,224,563)	-	(1,224,563)
(313,536)	-	(313,536)
(207,796)	-	(207,796)
(410,821)	-	(410,821)
(2,031,458)	-	(2,031,458)
(54,122)	-	(54,122)
(244,073)	-	(244,073)
(141,405)	-	(141,405)
(857,723)	-	(857,723)
47,098	-	47,098
(5,489,580)	-	(5,489,580)
-	34,942	34,942
-	61,316	61,316
-	-	-
-	8,152	8,152
-	104,410	104,410
\$ (5,489,580)	\$ 104,410	\$ (5,385,170)
4,899,105	-	4,899,105
748,344	-	748,344
198,534	-	198,534
82,488	-	82,488
482,295	-	482,295
156,868	-	156,868
25,849	-	25,849
133,057	9,033	142,090
35,135	-	35,135
6,761,675	9,033	6,770,708
46,000	(46,000)	-
6,807,675	(36,967)	6,770,708
1,318,095	67,443	1,385,538
22,952,197	987,855	23,940,052
(926,725)	-	(926,725)
22,025,472	987,855	23,013,327
\$ 23,343,567	\$ 1,055,298	\$ 24,398,865

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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 (1988)	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.
Capital Projects	Accounts for multi-year Capital Improvement projects including bridged road repair/replacement and trail and pedestrian improvements.

Town of Woodside, California
Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
		Library Operations	Measure A
ASSETS			
Cash and investments	\$ 8,546,724	\$ -	\$ 764,382
Receivables:			
Accounts	62,696	-	-
Interest	41,370	1,396	1,899
Intergovernmental	-	-	22,967
Taxes receivable	137,603	-	-
Other receivable	-	-	-
Due from other funds	29,349	-	-
Advances to other funds	694,375	-	-
Total assets	\$ 9,512,117	\$ 1,396	\$ 789,248
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 337,678	\$ 3,634	\$ 5,058
Due to other funds	-	29,349	-
Deposits payable	578,002	-	-
Total liabilities	915,680	32,983	5,058
Fund balances:			
Nonspendable	694,375	-	-
Restricted	-	-	784,190
Unassigned (deficit)	7,902,062	(31,587)	-
Total fund balances	8,596,437	(31,587)	784,190
Total liabilities and fund balances	\$ 9,512,117	\$ 1,396	\$ 789,248

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

Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Totals
4,066	\$ 773,468	\$ 10,088,640
-	-	62,696
-	3,801	48,466
-	12,009	34,976
-	-	137,603
-	3,599	3,599
-	-	29,349
-	-	694,375
\$ 4,066	\$ 792,877	\$ 11,099,704

\$ 19,738	\$ 28,071	\$ 394,179
-	-	29,349
-	-	578,002
19,738	28,071	1,001,530
-	-	694,375
-	764,806	1,548,996
(15,672)	-	7,854,803
(15,672)	764,806	10,098,174
\$ 4,066	\$ 792,877	\$ 11,099,704

Town of Woodside, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances - total governmental funds \$ 10,098,174

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

Long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 17,011,048

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	\$ (268,016)	
Net OPEB obligation	(1,019,088)	
Net pension liability	<u>(3,552,907)</u>	(4,840,011)

Pension obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities

Deferred outflows	1,506,937	
Deferred inflows	<u>(432,581)</u>	<u>1,074,356</u>

Net position of governmental activities \$ 23,343,567

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, 2018

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Cash and investments	\$ 10,088,640	\$ -	\$ -	\$ 10,088,640
Receivables:				
Accounts receivable	62,696	-	-	62,696
Interest receivable	48,466	-	-	48,466
Intergovernmental receivable	34,976	-	-	34,976
Taxes receivable	137,603	-	-	137,603
Other Receivables	3,599	-	-	3,599
Internal balances	-	694,375	-	694,375
Due from other funds	29,349	(29,349)	-	-
Advances to other funds	694,375	(694,375)	-	-
Capital assets, net	-	-	17,011,048	17,011,048
Total assets	11,099,704	(29,349)	17,011,048	28,081,403
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	-	-	1,274,320	1,274,320
OPEB	-	-	232,617	232,617
Total assets and deferred outflows of resources	\$ 11,099,704	\$ (29,349)	\$ 18,517,985	\$ 29,588,340
LIABILITIES				
Accounts payable and accrued liabilities	\$ 394,179	\$ -	\$ -	\$ 394,179
Deposits payable	578,002	-	-	578,002
Due to other funds	29,349	(29,349)	-	-
Compensated absences - current	-	-	27,123	27,123
Total current liabilities	1,001,530	(29,349)	27,123	999,304
Compensated absences	-	-	240,893	240,893
Net OPEB obligation	-	-	1,019,088	1,019,088
Net pension liability	-	-	3,552,907	3,552,907
Total liabilities	1,001,530	(29,349)	4,840,011	5,812,192
DEFERRED INFLOWS OF RESOURCES				
Pension plan	-	-	128,396	128,396
OPEB	-	-	304,185	304,185
Total deferred outflows of resources	-	-	432,581	432,581
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable reported in:				
General Fund	694,375	(694,375)	-	-
Restricted reported in:				
Special revenue funds	1,548,996	(1,548,996)	-	-
Unassigned (deficit), reported in:				
General Fund	7,902,062	(7,902,062)	-	-
Special revenue funds	(47,259)	47,259	-	-
Net position:				
Net investment in capital assets	-	-	17,011,048	17,011,048
Restricted	-	-	1,548,996	1,548,996
Unrestricted	-	10,098,174	(5,314,651)	4,783,523
Total fund balances/ net position	10,098,174	-	13,245,393	23,343,567
Total liabilities and net position	\$ 11,099,704	\$ (29,349)	\$ 18,517,985	\$ 29,588,340

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, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
		Library Operations	Measure A
REVENUES:			
Taxes and assessments	\$ 5,527,540	\$ 134,365	\$ 346,039
Licenses and permits	789,143	-	-
Fines and forfeitures	29,325	-	-
Intergovernmental	962,238	-	-
Use of money and property	117,012	-	6,874
Charges for services	1,077,327	-	-
Other revenues	35,675	-	-
Total revenues	8,538,260	134,365	352,913
EXPENDITURES:			
Current:			
Town Council	51,181	-	-
Administration and Finance	1,324,309	-	-
Planning Department	980,546	-	-
Buildings and Grounds	156,307	-	-
Town-wide Overhead	368,464	-	-
Safety Services	2,100,040	-	-
Trails and Stables	55,187	-	-
Barkley Fields	169,862	-	-
Library Services	-	81,974	-
Public Works	1,573,919	-	207,750
Recreation and Open Space	95,730	-	-
Capital outlay	-	-	-
Total expenditures	6,875,545	81,974	207,750
REVENUES OVER (UNDER) EXPENDITURES	1,662,715	52,391	145,163
OTHER FINANCING SOURCES (USES):			
Transfers in	388,499	-	600,000
Transfers out	(722,890)	(33,000)	(523,249)
Total other financing sources (uses)	(334,391)	(33,000)	76,751
Net change in fund balances	1,328,324	19,391	221,914
FUND BALANCES:			
Beginning of year	7,268,113	(50,978)	562,276
End of year	<u>\$ 8,596,437</u>	<u>\$ (31,587)</u>	<u>\$ 784,190</u>

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

Capital Projects Fund Capital Projects	Nonmajor Governmental Funds	Totals
\$ -	\$ 161,188	\$ 6,169,132
-	-	789,143
-	20,351	49,676
342,433	139,416	1,444,087
-	9,171	133,057
18,415	528,074	1,623,816
-	6,565	42,240
<u>360,848</u>	<u>864,765</u>	<u>10,251,151</u>
-	-	51,181
-	-	1,324,309
-	-	980,546
-	-	156,307
-	-	368,464
-	100,000	2,200,040
-	-	55,187
-	-	169,862
-	-	81,974
737,513	385,924	2,905,106
-	-	95,730
-	-	-
<u>737,513</u>	<u>485,924</u>	<u>8,388,706</u>
<u>(376,665)</u>	<u>378,841</u>	<u>1,862,445</u>
436,140	-	1,424,639
-	(99,500)	(1,378,639)
<u>436,140</u>	<u>(99,500)</u>	<u>46,000</u>
59,475	279,341	1,908,445
<u>(75,147)</u>	<u>485,465</u>	<u>8,189,729</u>
<u>\$ (15,672)</u>	<u>\$ 764,806</u>	<u>\$ 10,098,174</u>

Town of Woodside, California

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

For the year ended June 30, 2018

Functions/Programs	Fund Based Totals	Compensated Absences	Depreciation	Capital Asset (Additions), Retirements & Adjustments	OPEB Expense	Pension Plan	Government- wide Totals
Governmental activities:							
Town Council	\$ 51,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,181
Administration and Finance	1,324,309	(3,210)	218	-	21,448	66,653	1,409,418
Planning Department	980,546	-	2,581	-	-	-	983,127
Buildings and Grounds	156,307	-	51,489	-	-	-	207,796
Town-wide Overhead	368,464	-	42,357	-	-	-	410,821
Safety Services	2,200,040	-	1,353	-	-	-	2,201,393
Trails and Stables	55,187	-	-	-	-	-	55,187
Barkley Fields	169,862	-	85,149	-	-	-	255,011
Library Services	81,974	-	59,431	-	-	-	141,405
Public Works	2,905,106	-	9,495	253,386	-	-	3,167,987
Recreation and Open Space	95,730	-	-	-	-	-	95,730
Capital outlay	-	-	-	-	-	-	-
Total governmental activities	\$ 8,388,706	\$ (3,210)	\$ 252,073	\$ 253,386	\$ 21,448	\$ 66,653	\$ 8,979,056

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, 2018

Net change in fund balances - total governmental funds \$ 1,908,445

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 adjustments	\$ (253,386)	
Depreciation expense	<u>(252,073)</u>	(505,459)

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 interest payable		
Change in claim liabilities		
Change in compensated absences	3,210	
Change in net pension liability	<u>(66,653)</u>	(63,443)

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		(21,448)
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Change in net position of governmental activities		<u><u>\$ 1,318,095</u></u>
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The accompanying notes are an integral part of these basic financial statements.

Town of Woodside, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2018

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 4,971,941	\$ 4,971,941	\$ 5,527,540	\$ 555,599
Licenses and permits	601,200	601,200	789,143	187,943
Fines and forfeitures	7,000	7,000	29,325	22,325
Intergovernmental	724,000	724,000	962,238	238,238
Use of money and property	42,440	42,440	117,012	74,572
Charges for services	966,000	966,000	1,077,327	111,327
Other revenues	23,750	23,750	35,675	11,925
Total revenues	7,336,331	7,336,331	8,538,260	1,201,929
EXPENDITURES:				
Current:				
Town Council	32,538	32,538	51,181	(18,643)
Administration and Finance	1,318,720	1,318,720	1,324,309	(5,589)
Planning Department	1,048,337	1,048,337	980,546	67,791
Buildings and Grounds	270,541	270,541	156,307	114,234
Town-wide Overhead	423,500	423,500	368,464	55,036
Safety Services	1,958,414	1,958,414	2,100,040	(141,626)
Trails and Stables	81,459	81,459	55,187	26,272
Barkley Fields	153,830	153,830	169,862	(16,032)
Library Services	-	-	-	-
Public Works	1,661,140	1,661,140	1,573,919	87,221
Recreation and Open Space	124,500	124,500	95,730	28,770
Capital outlay	-	-	-	-
Total expenditures	7,072,979	7,072,979	6,875,545	197,434
REVENUES OVER (UNDER) EXPENDITURES	263,352	263,352	1,662,715	1,399,363
OTHER FINANCING SOURCES (USES):				
Transfers in	388,500	388,500	388,499	(1)
Transfers out	(1,687,000)	(1,043,460)	(722,890)	320,570
Total other financing sources (uses)	(1,298,500)	(654,960)	(334,391)	320,569
Net change in fund balances	(1,035,148)	(391,608)	1,328,324	1,719,932
FUND BALANCES:				
Beginning of year	7,268,113	7,268,113	7,268,113	-
End of year	\$ 6,232,965	\$ 6,876,505	\$ 8,596,437	\$ 1,719,932

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)
\$ 140,015	\$ 140,015	\$ 134,365	\$ (5,650)	\$ 300,000	300,000	\$ 346,039	\$ 46,039
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,300	2,300	6,874	4,574
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
140,015	140,015	134,365	(5,650)	302,300	302,300	352,913	50,613
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
101,365	101,365	81,974	19,391	-	-	-	-
-	-	-	-	201,061	201,061	207,750	(6,689)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
101,365	101,365	81,974	19,391	201,061	201,061	207,750	(6,689)
-	-	-	-	-	-	-	-
38,650	38,650	52,391	13,741	101,239	101,239	145,163	43,924
-	-	-	-	600,000	600,000	600,000	-
(33,000)	(33,000)	(33,000)	-	(1,107,743)	(1,107,743)	(523,249)	584,494
(33,000)	(33,000)	(33,000)	-	(507,743)	(507,743)	76,751	584,494
5,650	5,650	19,391	13,741	(406,504)	(406,504)	221,914	628,418
(50,978)	(50,978)	(50,978)	-	562,276	562,276	562,276	-
\$ (45,328)	\$ (45,328)	\$ (31,587)	\$ 13,741	\$ 155,772	\$ 155,772	\$ 784,190	\$ 628,418

Town of Woodside, California
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds, Continued
For the year ended June 30, 2018

	Capital Projects			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Intergovernmental	\$ 482,260	\$ 482,260	\$ 342,433	\$ (139,827)
Charges for services	-	-	18,415	18,415
Total revenues	<u>482,260</u>	<u>482,260</u>	<u>360,848</u>	<u>(121,412)</u>
EXPENDITURES:				
Capital outlay	1,823,463	1,823,463	-	1,823,463
Total expenditures	<u>2,246,963</u>	<u>2,246,963</u>	<u>368,464</u>	<u>1,878,499</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(1,764,703)</u>	<u>(1,764,703)</u>	<u>(7,616)</u>	<u>1,757,087</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	1,341,203	1,341,203	436,140	(905,063)
Total other financing sources (uses)	<u>1,341,203</u>	<u>1,341,203</u>	<u>436,140</u>	<u>(905,063)</u>
Net change in fund balances	<u>(423,500)</u>	<u>(423,500)</u>	<u>428,524</u>	<u>852,024</u>
FUND BALANCES:				
Beginning of year	(75,147)	(75,147)	(75,147)	-
End of year	<u>\$ (498,647)</u>	<u>\$ (498,647)</u>	<u>\$ 353,377</u>	<u>\$ 852,024</u>

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

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.

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, 2018

	<u>Sewer Capital Improvement</u>	<u>Sewer Utility</u>	<u>Town Center Pump Sewer</u>
ASSETS			
Current assets:			
Cash and investments	\$ 246,701	\$ 59,813	\$ -
Receivables:			
Accounts	-	136	-
Interest	1,231	772	-
Total current assets	<u>247,932</u>	<u>60,721</u>	<u>-</u>
Noncurrent assets:			
Capital assets, net	-	1,265,582	-
Total assets	<u>247,932</u>	<u>1,326,303</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plan	10,713	20,821	-
Total assets and deferred outflows of resources	<u>258,645</u>	<u>1,347,124</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 19,490	\$ -
Total current liabilities	<u>-</u>	<u>19,490</u>	<u>-</u>
Noncurrent liabilities:			
Advance from other funds	-	694,375	-
Net pension liability	27,021	61,588	-
Note payable	-	53,100	-
Total liabilities	<u>27,021</u>	<u>828,553</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	8,921	2,729	-
Total deferred inflows of resources	<u>8,921</u>	<u>2,729</u>	<u>-</u>
Net Position:			
Net investment in capital assets	-	1,265,582	-
Unrestricted	222,703	(749,740)	-
Total Net Position	<u>222,703</u>	<u>515,842</u>	<u>-</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 258,645</u>	<u>\$ 1,347,124</u>	<u>\$ -</u>

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

<u>Cañada</u> <u>Corridor Sewer</u>	<u>Totals</u>
\$ 60,317	\$ 366,831
-	136
276	2,279
<u>60,593</u>	<u>369,246</u>
256,160	1,521,742
<u>\$ 316,753</u>	<u>\$ 1,890,988</u>
-	31,534
<u>316,753</u>	<u>1,922,522</u>
\$ -	\$ 19,490
-	19,490
-	694,375
-	88,609
-	53,100
-	<u>855,574</u>
-	11,650
-	<u>11,650</u>
256,160	1,521,742
60,593	(466,444)
<u>316,753</u>	<u>1,055,298</u>
<u>\$ 316,753</u>	<u>\$ 1,922,522</u>

Town of Woodside, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2018

	Sewer Capital Improvement	Sewer Utility	Town Center Pump Sewer
OPERATING REVENUES:			
Charges for services	\$ 57,000	\$ 319,649	\$ -
Other	-	174,987	-
Total operating revenues	<u>57,000</u>	<u>494,636</u>	<u>-</u>
OPERATING EXPENSES:			
Salaries and benefits	-	48,261	-
Professional services	22,058	258,966	-
Materials and supplies	-	5,016	-
Depreciation	-	101,071	-
Total operating expenses	<u>22,058</u>	<u>413,314</u>	<u>-</u>
OPERATING INCOME(LOSS)	<u>34,942</u>	<u>81,322</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental revenues	-	-	-
Interest revenue	3,479	4,869	-
Interest expense	-	(20,006)	-
Total non-operating revenues, net	<u>3,479</u>	<u>(15,137)</u>	<u>-</u>
NET INCOME BEFORE TRANSFERS	38,421	66,185	-
Capital contributions	-	-	-
Transfers in	-	212,877	-
Transfers out	-	(42,000)	(212,877)
Total transfers	<u>-</u>	<u>170,877</u>	<u>(212,877)</u>
CHANGE IN NET POSITION	38,421	237,062	(212,877)
RESIDUAL EQUITY TRANSFERS OUT		-	-
NET POSITION:			
Beginning of year	184,282	278,780	212,877
End of year	<u>\$ 222,703</u>	<u>\$ 515,842</u>	<u>\$ -</u>

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

Cañada Corridor Sewer	Totals
\$ 35,143	\$ 411,792
-	174,987
35,143	586,779
-	48,261
-	281,024
10,981	15,997
16,010	117,081
26,991	462,363
8,152	124,416
-	-
685	9,033
685	(20,006)
685	(10,973)
8,837	113,443
-	-
-	212,877
(4,000)	(258,877)
(4,000)	(46,000)
4,837	67,443
-	-
311,916	987,855
\$ 316,753	\$ 1,055,298

Town of Woodside, California
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2018

	<u>Sewer Capital Improvement</u>	<u>Sewer Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received (refunds paid) from (to) customers/users for services provided	\$ 57,000	\$ 494,638
Cash payments to suppliers for goods and services	(22,058)	(341,919)
Cash payments to employees for services	-	(46,072)
Net cash provided by operating activities	<u>34,942</u>	<u>106,647</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Loan received	-	53,100
Advance received (paid)	-	(80,625)
Transfers received (paid)	-	62,612
Net cash used by noncapital financing activities	<u>-</u>	<u>35,087</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received	-	-
Acquisition and construction of capital assets	-	(1,075,556)
Net cash (used) by capital and related financing activities	<u>-</u>	<u>(1,075,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest paid	-	(20,006)
Investment income received	2,793	5,524
Net cash provided by investing activities	<u>2,793</u>	<u>(14,482)</u>
Net increase (decrease) in cash and cash equivalents	37,735	(948,304)
CASH AND CASH EQUIVALENTS:		
Beginning of year	208,966	1,008,117
End of year	<u>\$ 246,701</u>	<u>\$ 59,813</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Operating income (loss)	\$ 34,942	\$ 81,322
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	101,071
Pension expense	-	2,189
(Increase) decrease in current assets:		
Accounts receivable	-	2
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	-	(77,937)
Net cash provided by operating activities	<u>\$ 34,942</u>	<u>\$ 106,647</u>

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2018.

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

Town Center Pump Sewer	Cañada Corridor Sewer	Totals
\$ -	\$ 34,955	\$ 586,593
-	(10,981)	(374,958)
-	-	(46,072)
-	23,974	165,563
-	-	53,100
-	-	(80,625)
(104,416)	(4,000)	(45,804)
(104,416)	(4,000)	(73,329)
-	-	-
-	-	(1,075,556)
-	-	(1,075,556)
-	-	(20,006)
-	685	9,002
-	685	(11,004)
(104,416)	20,659	(994,326)
104,416	39,658	1,361,157
\$ -	\$ 60,317	\$ 366,831
\$ -	\$ 8,152	\$ 124,416
-	16,010	117,081
-	-	2,189
-	(188)	(186)
-	-	(77,937)
\$ -	\$ 23,974	\$ 165,563

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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.

Town of Woodside, California
Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	ASSETS	<u>Totals</u>
Cash and investments		\$ 437,718
Receivables:		
Interest		2,342
Special assessments		<u>235,000</u>
Total assets		<u><u>\$ 675,060</u></u>
	LIABILITIES	
Due to others		<u>\$ 675,060</u>
Total liabilities		<u><u>\$ 675,060</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

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Town of Woodside, California
Basic Financial Statements
For the year ended June 30, 2018

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Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018

1. 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, 2018

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, 2018

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, 2018

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, 2018

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 \$5,000 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, 2018

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.

In order to control this future liability, starting in 2013, compensatory time off, administrative leave, and floating holidays must be used by staff during the calendar year in which they are earned. At year end, employees will be paid for any comp time, administrative leave, or floating holidays earned, but not used during the year. No comp time, administrative leave, or floating holidays earned may be carried into a new calendar year.

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).

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item reported as a deferred outflow of resources. The item is a deferred charge on pension plan contributions in the government-wide statement of net position.

In addition to liabilities, the statement of position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one item reported as a deferred inflow of resources. The item is the net difference between projected and actual earnings on pension plan investments and is reported in the government-wide statement of net position.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Equity Classification

Government-Wide Statements

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

- a. *Net investment 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 “net investment in capital assets.”

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.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Equity Classification, *continued*

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).

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.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2018. 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, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

Prior Period Adjustment

Due to the Town’s adoption of GASB 75, net position was adjusted at June 30, 2018. The following is a reconciliation of the total net position as previously reported at July 1, 2017 to the restated net position.

	Governmental
	Activities
Net Position at June 30, 2017	\$ 22,952,197
Adjustment:	
Adoption of GASB 75, OPEB	<u>(926,725)</u>
Total Adjustments	<u>(926,725)</u>
Net Position at July 1, 2017. as adjusted	<u>\$ 22,025,472</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

2. CASH AND INVESTMENTS

At June 30, 2018, 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	455,548	\$ 455,548
Petty cash	600	600
Total pooled items	<u>456,148</u>	<u>456,148</u>
Pooled investments, at fair value		
<u>Interest obligations</u>		
State of California Local Agency Investment Fund	10,456,627	10,437,041
Total pooled investments - interest obligations	<u>10,456,627</u>	<u>10,437,041</u>
Total cash equivalents and investments pooled	<u>\$ 10,912,775</u>	<u>\$ 10,893,189</u>
Amounts reported in:		
Governmental activities		\$ 10,088,640
Business-type activities		366,831
Fiduciary activities - Agency Funds		437,718
Total		<u>\$ 10,893,189</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Average Annual Yield</u>
Local Agency Investment Fund	10,437,041	0.00	1.376%
Total fair value	<u>\$ 10,437,041</u>		
Portfolio weighted average maturity		0.00	

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.

	<u>Interest Rate</u>	<u>Interest Earned</u>	<u>FYTD</u>
First Quarter (7/1 - 9/30)	1.07%	\$ 24,892	\$ 24,892
Second Quarter (10/1 - 12/31)	1.20%	23,805	48,697
Third Quarter (1/1 - 3/31)	1.51%	34,129	82,826
Fourth Quarter (4/1 - 6/30)	1.90%	48,285	131,111

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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 1.86% 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.

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, 2018, the carrying amount of the Town’s deposits was \$455,548 and the balances in financial institutions were \$578,869. Of the balance in financial institutions, the amount was within the \$250,000 covered by federal depository insurance. Amounts that exceeds the federal depository insurance \$250,000 coverage 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. Investments were held by the custodial agent, 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. As of June 30, 2018, the total fair value amount invested by all public agencies in LAIF is \$88,817,956,137 of which the Town’s fair value amount is \$10,437,041. Of the total invested, 1.89% was invested in Structured Notes and Medium-term 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, 2018

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2018:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts	\$ 62,696	\$ 136	\$ -	\$ 62,832
Interest	48,466	2,279	2,342	53,087
Intergovernmental	34,976	-	-	34,976
Taxes	137,603	-	235,000	372,603
Other	3,599	-	-	3,599
Total accounts receivable	<u>\$ 287,340</u>	<u>\$ 2,415</u>	<u>\$ 237,342</u>	<u>\$ 527,097</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	77.3%
Individuals / Businesses	12.6%
Financial	10.1%

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, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions/ Adjustments	Balance June 30, 2018
Governmental activities:				
Nondepreciable assets:				
Land	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373
Total nondepreciable assets	<u>9,468,373</u>	<u>-</u>	<u>-</u>	<u>9,468,373</u>
Depreciable assets:				
Buildings and improvements	9,731,436	-	-	9,731,436
Machinery & equipment	1,318,256	-	(377,569)	940,687
Total depreciable assets	<u>11,049,692</u>	<u>-</u>	<u>(377,569)</u>	<u>10,672,123</u>
Total	<u>20,518,065</u>	<u>-</u>	<u>(377,569)</u>	<u>20,140,496</u>
Accumulated depreciation:				
Buildings and improvements	(2,061,703)	(196,069)	(103,565)	(2,361,337)
Machinery & equipment	(939,855)	(56,004)	227,748	(768,111)
Total accumulated depreciation	<u>(3,001,558)</u>	<u>(252,073)</u>	<u>124,183</u>	<u>(3,129,448)</u>
Net depreciable assets	<u>8,048,134</u>	<u>(252,073)</u>	<u>(253,386)</u>	<u>7,542,675</u>
Total net capital assets	<u>\$ 17,516,507</u>	<u>\$ (252,073)</u>	<u>\$ (253,386)</u>	<u>\$ 17,011,048</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

4. CAPITAL ASSETS, Continued

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions/ Adjustment	Balance June 30, 2018
<u>Business-type activities</u>				
Depreciable assets:				
Buildings and improvements	\$ 357,926	\$ -	\$ (216,220)	\$ 141,706
Pumps and collections system	2,726,497	1,291,767	-	4,018,264
Machinery & equipment	9,727	-	(9,727)	-
Total depreciable assets	<u>3,094,150</u>	<u>1,291,767</u>	<u>(225,947)</u>	<u>4,159,970</u>
Accumulated depreciation:				
Buildings and improvements	(141,706)	-	-	(141,706)
Pumps and collections system	(2,379,451)	(117,081)	-	(2,496,532)
Machinery & equipment	(9,727)	-	9,727	-
Total accumulated depreciation	<u>(2,530,884)</u>	<u>(117,081)</u>	<u>9,727</u>	<u>(2,638,238)</u>
Total net capital assets	<u>\$ 563,266</u>	<u>\$ 1,174,686</u>	<u>\$ (216,220)</u>	<u>\$ 1,521,732</u>

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

Governmental Activities	
Administration and Finance	\$ 218
Planning Department	2,581
Buildings and Grounds	51,486
Town-wide Overhead	42,357
Safety Services	1,353
Barkley Fields	85,149
Library Services	59,431
Public Works	9,495
Total	<u>\$ 252,070</u>

Business-Type Activities	
Town center pump sewer	\$ 101,071
Canada Corridor sewer	16,010
Total	<u>\$ 117,081</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2018:

	Governmental Activities	Business-type Activities	Total
Accounts payable and accrued liabilities	\$ 394,179	\$ 19,490	\$ 413,669
Deposits payable	578,002	-	578,002
Total	<u>\$ 972,181</u>	<u>\$ 19,490</u>	<u>\$ 991,671</u>

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

5. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2018:

	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Compensated Absences	\$ 271,226	\$ -	\$ (3,210)	\$ 268,016	\$ 27,123
Net OPEB Obligation	142,483	1,019,088	(142,483)	1,019,088	-
Net Pension Liability	3,164,365	388,542	-	3,552,907	-
Total noncurrent liabilities	<u>\$ 3,578,074</u>	<u>\$ 1,407,630</u>	<u>\$ (145,693)</u>	<u>\$ 4,840,011</u>	<u>\$ 27,123</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, 2018, the Town had a Net OPEB Obligation of \$1,019,088. See Note 11 for further discussion on OPEB.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

6. NET POSITION/ FUND BALANCES

Net Position

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets	\$ 17,011,048	\$ 1,521,742
Restricted	1,548,996	-
Unrestricted	4,783,523	(466,444)
Total	<u>\$ 23,343,567</u>	<u>\$ 1,055,298</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, 2018:

Nonspendable:	
Major Funds	
General Fund	\$ 694,375
Total Nonspendable:	<u>694,375</u>
Restricted:	
Major Funds:	
Measure A	\$ 784,190
Total Major Funds- Restricted	<u>784,190</u>
Nonmajor Funds:	
Traffic Safety	23,508
Road Impact Fees	609,905
Gas Tax	42,317
Supplemental Law Enforcement Service	78,594
California Law Enforcement Equipment Program	10,482
Total Nonmajor Funds- Restricted	<u>764,806</u>
Total Restricted	<u>\$ 1,548,996</u>
Unassigned (deficit):	
Major Funds:	
General Fund	7,902,062
Library Operations	(31,587)
Capital Projects	(15,672)
Total Major Funds- Unassigned	<u>7,854,803</u>
Total Fund Balance	<u>\$ 10,098,174</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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.

Deficit fund balances consisted of the following at June 30, 2018:

Nonmajor Special Revenue Funds:

Library Operations: (\$31,587) – 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. Woodside’s separate library account balance with the JPA as of June 30, 2018 is \$1,464,045, this is an increase of \$302,738 in the JPA account balance from FY 2017.

Capital Projects - (\$15,672) – This fund represents all the expenses for budgeted capital projects. Transfers in are made on a quarterly basis so that the fund is close to zero at year end.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 388,499	\$ 722,890
Library Operations	-	33,000
Measure A	600,000	523,249
Capital Projects	436,140	-
Total Major Funds	<u>1,424,639</u>	<u>1,279,139</u>
Non-major Funds:		
Special Revenue Funds:		
Road Impact Fees	-	60,000
Gas Tax	-	39,500
Total Non-major Special Revenue Funds	<u>-</u>	<u>99,500</u>
Total Non-major Funds	<u>-</u>	<u>99,500</u>
Total Governmental Activities	<u>1,424,639</u>	<u>1,378,639</u>
<u>Business-type Activities</u>		
Sewer Utility	212,877	42,000
Town Center Pump Sewer	-	212,877
Cañada Corridor Sewer	-	4,000
Total Business-type Activities	<u>212,877</u>	<u>258,877</u>
Total Transfers	<u>\$ 1,637,516</u>	<u>\$ 1,637,516</u>

9. RISK MANAGEMENT

The Town of Woodside, California is a member of Association of Bay Area Governments (ABAG), for general liability claims in an amount of up to \$5,000,000. ABAG is responsible for administering the Pooled Liability Assurance Network (PLAN) Corporation. Through ABAG PLAN, the Town has additional insurance coverage from Insurance Company of the State of PA and Lexington Insurance Company. 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, 2018

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:		
up to \$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	Alliant Insurance Services
\$10,000,001 - \$20,000,000	Lexington Insurance Company through ABAG	Alliant Insurance Services
Workers' Compensation Claims:		
up to \$1,000,000	State Compensation Insurance Fund	State Compensation Insurance Fund

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

General Information about the Pension Plans

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the Town's Miscellaneous and Public Employees' Pension Reform Act (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Town resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	<u>Miscellaneous</u>	<u>PEPRA Miscellaneous</u>
	Prior to January 1, 2013	After January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0 - 2.0%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	10.110%	6.553%

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

	<u>Miscellaneous</u>
Contributions - employer	\$ 390,376

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the Town reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	<u>\$ 3,641,516</u>
Total Net Pension Liability	<u><u>\$ 3,641,516</u></u>

The Town's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2018 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the net pension liability for each Plan as of June 30, 2018 and 2017 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2017	0.09109%
Proportion - June 30, 2018	<u>0.09238%</u>
Change - Increase (Decrease)	0.00129%

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

For the year ended June 30, 2018, the Town recognized pension expense of \$540,889. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 540,618	\$ 41,223
Differences between Expected and Actual Experience	4,357	62,424
Differences between Projected and Actual Investment Earnings	122,265	-
Differences between Employer's Contributions and Proportionate Share of Contributions	44,008	21,543
Change in Employer's Proportion	204,230	14,856
Pension Contributions Made Subsequent to Measurement Date	390,376	-
	<u>\$ 1,305,854</u>	<u>\$ 140,046</u>

\$390,376 reported as deferred outflows of resources related to contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2019	\$ 299,056
2020	341,014
2021	207,953
2022	(72,591)
2023	-
Thereafter	-
	<u>\$ 775,432</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Actuarial Assumptions – The total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2016, actuarial accounting valuation to June 30, 2018. The June 30, 2018, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Poser applies, 2.75% thereafter.

¹ The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 CalPERS Experience Study and Review of Actuarial Assumptions report (based on CalPERS demographic data from 1997 to 2011) available online on CalPERS website.

Other significant actuarial assumptions used in the June 30, 2016, valuations were based on the results of the actuarial experience study for the period from 1997 to 2011.

Change in Assumptions - In Fiscal Year 2016-17, the financial reporting discount rate for the PERF C was lowered from 7.65 percent to 7.15 percent. Deferred outflows of resources for changes in assumptions presented in the Schedule of Collective Pension Amounts represent the unamortized portion of this assumption change.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent and reflects the long-term expected rate of return for the Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), the amortization and smoothing periods adopted by the Board in 2013 were used. For the Plan, the crossover test was performed for a miscellaneous agent plan and a safety agent plan selected as being more at risk of failing the crossover test and resulting in a discount rate that would be different from the long-term expected rate of return on pension investments. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF C. The crossover test results can be found on CalPERS' website.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes expected compound (geometric) returns were calculated over the short-term (first 10-years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set to equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class can be found in CalPERS' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -

The following presents the Town's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability - Miscellaneous	5,423,544	3,641,516	2,165,608

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan - At June 30, 2018, the Town reported a payable of \$2,007 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

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.

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.

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 Determined Contribution (ADC). For FY 2017, the Town contributed \$204,065 to the Plan, including \$89,997 for current benefit payments and \$114,068 to prefund Plan benefits.

Employees Covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive Employees Receiving Benefits	10
Inactive Employees Entitled to But Not Receiving Benefits	0
Participating Active Employees	20
Total Number of participants	30

Net OPEB Liability

The Town’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2016 that was rolled forward to determine the June 30, 2017 total OPEB liability, based on the following actuarial methods and assumptions:

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. OTHER POST EMPLOYMENT BENEFITS, *continued*

Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.25%
Salary Increases	3.25% per annum
Investment Rate of Return	7.28%
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover ⁽²⁾	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	7.85% in 2019 decreasing to 5.00% in 2031 and later

⁽¹⁾ Pre-retirement mortality information was derived from data collected during 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

⁽²⁾ The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	<u>CERBT Strategy 1</u>	<u>Rate of Return</u>
Equity	60%	5.49%
Fixed Income	32%	1.65%
REITs	8%	5.06%
Cash	0%	0.00%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.28 percent. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. OTHER POST EMPLOYMENT BENEFITS, *continued*

Changes in the OPEB Liability

The changes in the net OPEB liability for the Plan are as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2017	\$ 1,798,879	\$ 525,606	\$ 1,273,273
Changes for the year			
Service Cost	83,302	-	83,302
Interest	133,804	-	133,804
Differences between expected and actual experience	118,115		
Changes of assumptions	(328,057)	-	(328,057)
Contributions - employer		204,065	
Contributions - employee	-	-	-
Net investment income	-	57,576	(57,576)
Benefit payments	(89,997)	(89,997)	-
Benefit payments	-	(292)	292
Other	-	-	-
Net Changes	(82,833)	171,352	(254,185)
Balance at 6/30/2018*	\$ 1,716,046	\$ 696,958	\$ 1,019,088

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

The discount rate used for the fiscal year end 2018 is 7.28%. The following presents the net OPEB liability of the Town if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Change in Discount Rate	8.28%	7.28%	6.28%
Net OPEB Liability	\$ 1,929,120	\$ 1,716,046	\$ 1,540,022

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Town if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Change in Healthcare Cost Trend Rate			
Net OPEB Liability	\$ 1,526,541	\$ 1,716,046	\$ 1,946,630

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. OTHER POST EMPLOYMENT BENEFITS, Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2017)

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

For the fiscal year ended June 30, 2018, the Town recognized OPEB expense of \$148,935. As of fiscal year ended June 30, 2018, the Town reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 105,130	\$ -
Changes in assumptions	-	291,991
Net difference between projected and actual earnings on plan investments	-	12,194
Employer contributions made subsequent to the measurement date	127,487	-
Total	<u>\$ 232,617</u>	<u>\$ 304,185</u>

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

11. OTHER POST EMPLOYMENT BENEFITS, Continued

The \$127,487 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2019	\$ (26,130)
2020	(26,130)
2021	(26,130)
2022	(26,128)
2023	(23,081)
Thereafter	(71,456)

12. COMMITMENTS AND CONTINGENCIES

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

13. JOINT POWERS AGREEMENT

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

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, San Mateo County and a majority of cities within San Mateo County for the purpose of developing State mandated plans such as an integrated waste management plan. The Town makes annual nonrefundable contributions to C/CAG which is used along with other member contributions to finance C/CAG operations. Audited financial statements may be obtained from the City of San Carlos, 666 Elm Street, San Carlos, CA, 94070. The Town's payments to C/CAG during the year totaled \$1,942. The Town's share of year-end assets, liabilities, or fund equity has not been calculated by C/CAG.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This statement had no effect on these financial statements.

The GASB has issued Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*”. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, as amended, and No. 57, “*OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*”, for OPEB. Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2018. The Town has implemented this statement.

The GASB has issued Statement No. 77, “*Tax Abatement Disclosures*”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. This statement had no effect on these financial statements.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

The GASB has issued Statement No. 81, "*Irrevocable Split-Interest Agreements.*" The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 82, "*Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73.*" The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement had no effect on these financial statements.

The GASB has issued Statement No. 83, "*Certain Asset Retirement Obligations.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 84, "*Fiduciary Activities.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

The GASB has issued Statement No. 85, "*Omnibus 2017.*" The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This statement had no effect on these financial statements.

The GASB has issued Statement No. 86, "*Certain Debt Extinguishment Issues.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt.

Town of Woodside, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

14. NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This statement had no effect on these financial statements.

The GASB has issued Statement No. 87, "*Leases.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*" The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2019.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 90, "*Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

Town of Woodside, California
Required Supplementary Information - Schedule of
Changes in the Net OPEB Liability and Related Ratios
for the Measurement Periods Ended June 30,

	2017
Total OPEB Liability	
Service Cost	\$ 83,302
Interest on the total OPEB liability	133,804
Changes of benefit terms	-
Differences between expected and actual experience	118,115
Changes of assumptions	(328,057)
Benefit payments, including refunds of employee contributions	(89,997)
Net change in total OPEB liability	(82,833)
Total OPEB liability - beginning (a)	1,798,879
Total OPEB liability - ending (b)	\$ 1,716,046
Plan Fiduciary Net Position	
Contributions - employer	\$ 204,065
Contributions - employee	-
Net investment income	57,576
Benefit payments, including refunds of employee contributions	(89,997)
Administrative expense	(292)
Net change in plan fiduciary net position	171,352
Plan fiduciary net position - beginning (c)	525,606
Plan fiduciary net position - ending (d)	\$ 696,958
Net OPEB Liability - beginning (a) - (c)	\$ 1,273,273
Net OPEB liability - ending (a) - (b)	\$ 1,019,088
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	40.61%
Covered-employee payroll	N/A
Net OPEB liability as a percentage of covered-employee payroll	N/A

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

Town of Woodside, California

Required Supplementary Information - Net OPEB Liability Schedule of Contributions

June 30, 2018

	2018
Actuarially Determined Contribution (ADC)	\$ 169,882
Covered-Employee payroll	N/A
Contributions as a percentage of covered-employee payroll	N/A
Contributions to the Trust	114,068.00
Pay-go Payments by Employer Unreimbursed by the Trust	89,997.00
Active Implicit Rate Subsidy Transferred by OPEB	-
Total OPEB Contributions	\$ 204,065

Notes to Schedule

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the initial year of implementation, only one year is currently available

Town of Woodside, California

Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>
Contractually required contribution (actuarially determined)	\$ 390,376	\$ 323,181
Contributions in relation to the actuarially determined contributions	<u>(390,376)</u>	<u>(323,181)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,072,787	\$ 1,995,944
Contribution as a percentage of covered-employee payroll	18.83%	16.19%

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Due to a change in CalPERS reporting information, only 2016 and 2017 were available. Additional years will be presented as they become available.

Town of Woodside, California

Required Supplementary Information - Schedule of the Town's Proportionate Share of the Net Pension Liability

Miscellaneous Plan

Last 10 Fiscal Years*

	<u>2017</u>		<u>2016</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.09238%		0.09109%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 3,641,516	\$	3,164,365
Plan's Covered-Employee Payroll	\$ 2,072,787	\$	1,995,944
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	175.68%		158.54%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	71.89%		72.29%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 352,418	\$	307,486

Notes to Schedule

1) Covered employee payroll represents compensation earnable and pensionable compensation. Only compensation earnable and pensionable compensation that would possibly go into the determination of retirement benefits are included.

* - Due to a change in CalPERS reporting information, only 2016 and 2017 were available. Additional years will be presented as they become available.

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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, 2018

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
ASSETS			
Cash and investments	\$ 21,691	\$ 630,329	\$ 32,657
Restricted cash and investments			
Receivables:			
Interest	388	2,789	339
Intergovernmental	-	-	12,009
Other receivable	3,599	-	-
Total assets	<u>\$ 25,678</u>	<u>\$ 633,118</u>	<u>\$ 45,005</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,170	\$ 23,213	2,688
Due to other funds	-	-	-
Total liabilities	<u>2,170</u>	<u>23,213</u>	<u>2,688</u>
Fund Balances:			
Restricted	23,508	609,905	42,317
Assigned	-	-	-
Unassigned (deficit)	-	-	-
Total fund balances	<u>23,508</u>	<u>609,905</u>	<u>42,317</u>
Total liabilities and fund balances	<u>\$ 25,678</u>	<u>\$ 633,118</u>	<u>\$ 45,005</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ 78,356	\$ 10,435	\$ 773,468
		-
238	47	3,801
-	-	12,009
-	-	3,599
<u>\$ 78,594</u>	<u>\$ 10,482</u>	<u>\$ 792,877</u>
\$ -	\$ -	\$ 28,071
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>28,071</u>
78,594	10,482	764,806
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>78,594</u>	<u>10,482</u>	<u>764,806</u>
<u>\$ 78,594</u>	<u>\$ 10,482</u>	<u>\$ 792,877</u>

Town of Woodside, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
REVENUES:			
Taxes and assessments	\$ -	\$ -	\$ 161,188
Fines and forfeitures	20,351	-	-
Intergovernmental	-	-	-
Use of money and property	233	6,717	696
Charges for services	-	528,074	-
Other revenues	6,565	-	-
Total revenues	27,149	534,791	161,884
EXPENDITURES:			
Current:			
Safety Services	-	-	-
Public Works	23,085	230,878	131,961
Total expenditures	23,085	230,878	131,961
REVENUES OVER (UNDER) EXPENDITURES	4,064	303,913	29,923
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(60,000)	(39,500)
Total other financing sources (uses)	-	(60,000)	(39,500)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	4,064	243,913	(9,577)
FUND BALANCES:			
Beginning of year	19,444	365,992	51,894
End of year	\$ 23,508	\$ 609,905	\$ 42,317

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 161,188
-	-	20,351
139,416	-	139,416
1,385	140	9,171
-	-	528,074
-	-	6,565
<u>140,801</u>	<u>140</u>	<u>864,765</u>
100,000	-	100,000
-	-	385,924
<u>100,000</u>	<u>-</u>	<u>485,924</u>
<u>40,801</u>	<u>140</u>	<u>378,841</u>
-	-	-
-	-	(99,500)
-	-	(99,500)
40,801	140	279,341
<u>37,793</u>	<u>10,342</u>	<u>485,465</u>
<u>\$ 78,594</u>	<u>\$ 10,482</u>	<u>\$ 764,806</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Fines and forfeitures	\$ 22,000	\$ 22,000	\$ 20,351	\$ (1,649)
Use of money and property	65	65	233	168
Other revenues	4,000	4,000	6,565	2,565
Total revenues	<u>26,065</u>	<u>26,065</u>	<u>27,149</u>	<u>1,084</u>
EXPENDITURES:				
Current:				
Public works	24,000	24,000	23,085	915
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>23,085</u>	<u>915</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>2,065</u>	<u>2,065</u>	<u>4,064</u>	<u>1,999</u>
Net change in fund balances	2,065	2,065	4,064	1,999
FUND BALANCES:				
Beginning of year	19,444	19,444	19,444	-
End of year	<u>\$ 21,509</u>	<u>\$ 21,509</u>	<u>\$ 23,508</u>	<u>\$ 1,999</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 2,275	\$ 2,275	\$ 6,717	\$ 4,442
Charges for services	350,000	350,000	528,074	178,074
Total revenues	352,275	352,275	534,791	182,516
EXPENDITURES:				
Current:				
Public works	279,688	279,688	230,878	48,810
Total expenditures	279,688	279,688	230,878	48,810
REVENUES OVER (UNDER)				
EXPENDITURES	72,587	72,587	303,913	231,326
OTHER FINANCING SOURCES (USES):				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	(60,000)	(60,000)	(60,000)	-
Net change in fund balances	12,587	12,587	243,913	231,326
FUND BALANCES:				
Beginning of year	365,992	365,992	365,992	-
End of year	\$ 378,579	\$ 378,579	\$ 609,905	\$ 231,326

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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and assessments	\$ 163,953	\$ 163,953	\$ 161,188	\$ (2,765)
Use of money and property	350	350	696	346
Total revenues	<u>164,303</u>	<u>164,303</u>	<u>161,884</u>	<u>(2,419)</u>
EXPENDITURES:				
Current:				
Public works	<u>133,807</u>	<u>133,807</u>	<u>131,961</u>	<u>1,846</u>
Total expenditures	<u>133,807</u>	<u>133,807</u>	<u>131,961</u>	<u>1,846</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>30,496</u>	<u>30,496</u>	<u>29,923</u>	<u>(573)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(39,500)</u>	<u>(39,500)</u>	<u>(39,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(39,500)</u>	<u>(39,500)</u>	<u>(39,500)</u>	<u>-</u>
Net change in fund balances	<u>(9,004)</u>	<u>(9,004)</u>	<u>(9,577)</u>	<u>(573)</u>
FUND BALANCES:				
Beginning of year	<u>51,894</u>	<u>51,894</u>	<u>51,894</u>	<u>-</u>
End of year	<u>\$ 42,890</u>	<u>\$ 42,890</u>	<u>\$ 42,317</u>	<u>\$ (573)</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, 2018

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 139,416	\$ 39,416
Use of money and property	250	250	1,385	1,135
Total revenues	<u>100,250</u>	<u>100,250</u>	<u>140,801</u>	<u>40,551</u>
EXPENDITURES:				
Current:				
Safety services	100,000	100,000	100,000	-
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>250</u>	<u>250</u>	<u>40,801</u>	<u>40,551</u>
Net change in fund balances	250	250	40,801	40,551
FUND BALANCES:				
Beginning of year	<u>37,793</u>	<u>37,793</u>	<u>37,793</u>	-
End of year	<u>\$ 38,043</u>	<u>\$ 38,043</u>	<u>\$ 78,594</u>	<u>\$ 40,551</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, 2018

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 140	\$ 140
Other revenues				-
Total revenues	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
EXPENDITURES:				
Current:				
Safety services	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>140</u>	<u>140</u>
FUND BALANCES:				
Beginning of year	<u>10,342</u>	<u>10,342</u>	<u>10,342</u>	<u>-</u>
End of year	<u>\$ 10,342</u>	<u>\$ 10,342</u>	<u>\$ 10,482</u>	<u>\$ 140</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 donations made to the Town for the construction and maintenance of the Town's trail system.
Mathiesen House	This fund accounts for donations made to the Town for the Woodside Community Museum.
Marva Oaks	This fund accounts for deposits made for repairs of Marva Oaks Drive.
Town Hall Window Fund	This fund accounts for donations made to the Town window upgrades at Town Hall.
Barkley Reserve Deposit Fund	This fund accounts for funds contributed by the Town of Woodside to repair Barkley Fields and Park in the event of a failure to maintain or a catastrophic event.
Arts and Culture Fund	This fund accounts for deposits made to the Town for the Arts and Culture Committee.

Town of Woodside, California
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	1999 Woodside Road/ Whiskey Hill Road Parking District	Trail Gifts and Donations Fund	Mathiesen House	Marva Oaks
ASSETS				
Cash and investments	\$ 109,527	\$ 52,469	\$ 525	\$ 21,201
Receivables:				
Interest	488	266	7	107
Special assessments	235,000	-	-	-
Total assets	\$ 345,015	\$ 52,735	\$ 532	\$ 21,308
LIABILITIES				
Due to others	\$ 345,015	\$ 52,735	\$ 532	\$ 21,308
Total liabilities	\$ 345,015	\$ 52,735	\$ 532	\$ 21,308

Town Hall Window Fund	Barkley Reserve Deposit Fund	Arts and Culture	Totals
\$ 6,148	\$ 238,519	\$ 9,329	\$ 437,718
31	1,401	42	2,342
-	-	-	235,000
<u>\$ 6,179</u>	<u>\$ 239,920</u>	<u>\$ 9,371</u>	<u>\$ 675,060</u>
<u>\$ 6,179</u>	<u>\$ 239,920</u>	<u>\$ 9,371</u>	<u>\$ 675,060</u>
<u>\$ 6,179</u>	<u>\$ 239,920</u>	<u>\$ 9,371</u>	<u>\$ 675,060</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<hr/> 1999 Woodside Road/Whiskey Hill Road Parking District <hr/>				
ASSETS				
Cash and investments	\$ 110,351	\$ -	\$ (824)	\$ 109,527
Receivables:				
Interest	283	205	-	488
Special assessments	260,000	-	(25,000)	235,000
Total assets	<u>\$ 370,634</u>	<u>\$ 205</u>	<u>\$ (25,824)</u>	<u>\$ 345,015</u>
LIABILITIES				
Due to others	370,634	205	(25,824)	345,015
Total liabilities	<u>\$ 370,634</u>	<u>\$ 205</u>	<u>\$ (25,824)</u>	<u>\$ 345,015</u>
<hr/> Trails Gifts and Donations Funds <hr/>				
ASSETS				
Cash and investments	\$ 51,538	\$ -	\$ 931	\$ 52,469
Receivables:				
Interest	168	98	-	266
Total assets	<u>\$ 51,706</u>	<u>\$ 98</u>	<u>\$ 931</u>	<u>\$ 52,735</u>
LIABILITIES				
Due to (from) others	\$ 51,706	\$ 98	\$ 931	\$ 52,735
Total liabilities	<u>\$ 51,706</u>	<u>\$ 98</u>	<u>\$ 931</u>	<u>\$ 52,735</u>
<hr/> Mathisen House <hr/>				
ASSETS				
Cash and investments	\$ 477	\$ 48	\$ -	\$ 525
Receivables:				
Interest	50	-	(43)	7
Total assets	<u>\$ 527</u>	<u>\$ 48</u>	<u>\$ (43)</u>	<u>\$ 532</u>
LIABILITIES				
Due to (from) others	\$ 527	\$ 48	\$ (43)	\$ 532
Total liabilities	<u>\$ 527</u>	<u>\$ 48</u>	<u>\$ (43)</u>	<u>\$ 532</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Marva Oaks				
ASSETS				
Cash and investments	\$ 21,010	\$ 191	\$ -	\$ 21,201
Receivables:				
Interest	13	94	-	107
Total assets	<u>\$ 21,023</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 21,308</u>
LIABILITIES				
Due to (from) others	\$ 21,023	\$ 285	\$ -	\$ 21,308
Total liabilities	<u>\$ 21,023</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 21,308</u>
Town Hall Window Fund				
ASSETS				
Cash and investments	\$ 6,080	\$ 68	\$ -	\$ 6,148
Receivables:				
Interest	17	14	-	31
Total assets	<u>\$ 6,097</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 6,179</u>
LIABILITIES				
Due to (from) others	\$ 6,097	\$ 82	\$ -	\$ 6,179
Total liabilities	<u>\$ 6,097</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 6,179</u>
Barkley Reserve Deposit Fund				
ASSETS				
Cash and investments	\$ 235,876	\$ 2,643	\$ -	\$ 238,519
Receivables:				
Interest	843	558	-	1,401
Total assets	<u>\$ 236,719</u>	<u>\$ 3,201</u>	<u>\$ -</u>	<u>\$ 239,920</u>
LIABILITIES				
Due to (from) others	\$ 236,719	\$ 3,201	\$ -	\$ 239,920
Total liabilities	<u>\$ 236,719</u>	<u>\$ 3,201</u>	<u>\$ -</u>	<u>\$ 239,920</u>

Town of Woodside, California
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018 (Continued)
Arts and Culture				
ASSETS				
Cash and investments	\$ 7,556	\$ 1,773	\$ -	\$ 9,329
Receivables:				
Interest	16	26	-	42
Total assets	<u>\$ 7,572</u>	<u>\$ 1,799</u>	<u>\$ -</u>	<u>\$ 9,371</u>
LIABILITIES				
Due to (from) others	\$ 7,572	\$ 1,799	\$ -	\$ 9,371
Total liabilities	<u>\$ 7,572</u>	<u>\$ 1,799</u>	<u>\$ -</u>	<u>\$ 9,371</u>
TOTAL OF ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 432,888	\$ 4,723	\$ 107	\$ 437,718
Receivables:				
Interest	1,390	995	(43)	2,342
Special assessments	260,000	-	(25,000)	235,000
Total assets	<u>\$ 694,278</u>	<u>\$ 5,718</u>	<u>\$ (24,936)</u>	<u>\$ 675,060</u>
LIABILITIES				
Due to (from) others	\$ 694,278	\$ 5,718	\$ (24,936)	\$ 675,060
Total liabilities	<u>\$ 694,278</u>	<u>\$ 5,718</u>	<u>\$ (24,936)</u>	<u>\$ 675,060</u>

(Concluded)

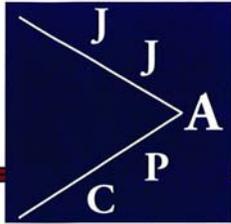
SUPPLEMENTARY SCHEDULES

Town of Woodside, California
Schedule of Land Assets

For the year ended June 30, 2018

<u>Name/APN</u>	<u>Physical Address</u>	<u>Date Acquired</u>	<u>Value*</u>
Open Space/APN 072-041-040	Raymundo Drive	9/23/1975	\$ 2,500
Equestrian Facility/APN 072-111-160	3375 Tripp Rd	4/28/1976	53,778
Museum Parking/APN 073-112-210	2961 Woodside Rd	6/13/1990	1,246,514
Open Space/APN 069-170-450	Woodside Rd	12/29/1969	14,785
Open Space/APN 073-082-280	Woodside Rd	2/8/1978	275,982
Woodside Town Hall/APN 073-112-030	2955 Woodside Rd	12/1/1990	498,740
Town Center Parking/APN 073-112-330	2955 Woodside Rd	1/7/1991	165,000
Library/APN 072-162-100	3140 Woodside Rd	6/22/1967	40,340
Open Space/APN 068-322-390	Woodhill Dr	3/10/1981	33,600
Open Space Joan Olsen Preserve		4/21/1980	120,000
Kite Hill		1/1/1985	280,000
Barkley Fields & Park/APN 068322360	5001 Farm Hill Blvd	12/22/2005	6,737,134
Total Land			<u>\$ 9,468,373</u>

* Values were derived from historical cost records



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, 2018, 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 29, 2019.

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.

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

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 29, 2019

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA