

TOWN OF WOODSIDE
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Prepared By:

Kevin Bryant
Town Manager

Cindy Safe
Administrative Services Manager

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**Town of Woodside
Basic Financial Statements
For the year ended June 30, 2022**

Table of Contents

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION | |
| Table of Contents | i |
| Letter of Transmittal | v |
| Organization Chart..... | viii |
| List of Officials..... | ix |
| FINANCIAL SECTION | |
| Independent Auditor’s Report | 1 |
| Management’s Discussion and Analysis (Required Supplementary Information) | 5 |
| Basic Financial Statements: | |
| <i>Government-Wide Financial Statements:</i> | |
| Statement of Net Position | 27 |
| Statement of Activities..... | 28 |
| <i>Fund Financial Statements:</i> | |
| Governmental Funds: | |
| Balance Sheet | 32 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 34 |
| Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position – Governmental Activities | 35 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds..... | 36 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 38 |
| Reconciliation of Governmental Fund Basis Statements to Government-wide Statement of Activities..... | 39 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund and Major Special Revenue Funds..... | 40 |
| Proprietary Funds: | |
| Statement of Net Position – Enterprise Funds..... | 44 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position - Enterprise Funds..... | 45 |
| Statement of Cash Flows – Enterprise Funds..... | 46 |

**Town of Woodside
Basic Financial Statements
For the year ended June 30, 2022**

Table of Contents

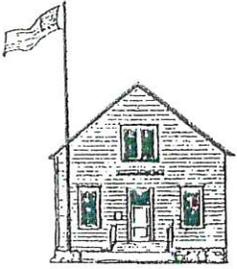
| | <u>Page</u> |
|--|-------------|
| Basic Financial Statements, Continued: | |
| <i>Fund Financial Statements, Continued:</i> | |
| Fiduciary Funds: | |
| Statement of Net Position | 48 |
| Statement of Changes in Net Position | 49 |
| Notes to Basic Financial Statements | 53 |
| Required Supplementary Information: | |
| Schedule of Changes in the Net OPEB Liability and Related Ratios | 90 |
| Net OPEB Liability Schedule of Contributions | 91 |
| Schedule of the Town's Proportionate Share of the Net Pension Liability – CalPERS Pension Miscellaneous Plan | 92 |
| Schedule of Contributions – CalPERS Pension Miscellaneous Plan | 93 |
| Supplementary Information: | |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund | 96 |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 98 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | 100 |
| Nonmajor Special Revenue Funds: | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Traffic Safety | 102 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Road Impact Fees | 103 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Gas Tax | 104 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Supplemental Law Enforcement Services | 105 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – California Law Enforcement Equipment Program | 106 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Measure W | 107 |

**Town of Woodside
Basic Financial Statements
For the year ended June 30, 2022**

Table of Contents

| | <u>Page</u> |
|---|-------------|
| Supplemental Information, Continued: | |
| Supplementary Schedules: | |
| Schedule of Land Assets | 110 |
| Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 111 |

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The Town of
Woodside

TRANSMITTAL LETTER

February 8, 2023

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, 2022. 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 sufficiently reliable information for the presentation 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 of 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 Maze & Associates, 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, 2022, 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 this fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent

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auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Town of Woodside

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

The Town Council establishes annual budgets for the General Fund, Proprietary Funds, and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the Town Manager. The Town Manager prepares two-year budgets, with an annual review, with an estimate of revenues and prepares recommendations for the next year's budget. The preliminary budget may or may not be amended by the Town Council and is adopted by 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 currently consists of six members, as the Town transitions from an at-large form of elections to a by-district form of elections. Following the 2024 election, the Town Council will have five members. Each representing one Council District. Council members must be residents of the Town. The positions of Mayor and Vice Mayor 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.

As economic uncertainty remains a top headline around the country and world, the Town is well-positioned to weather any slowdown in the economy. The Council has maintained financial reserves in excess of its target of 30 percent of operating revenues, and the primary source of revenue is secured property taxes, which accounts for about 40 percent of General Fund revenue and remains very stable. In addition, during the last fiscal year, General Fund revenues exceed budgeted levels while expenditures were less than budgeted.

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

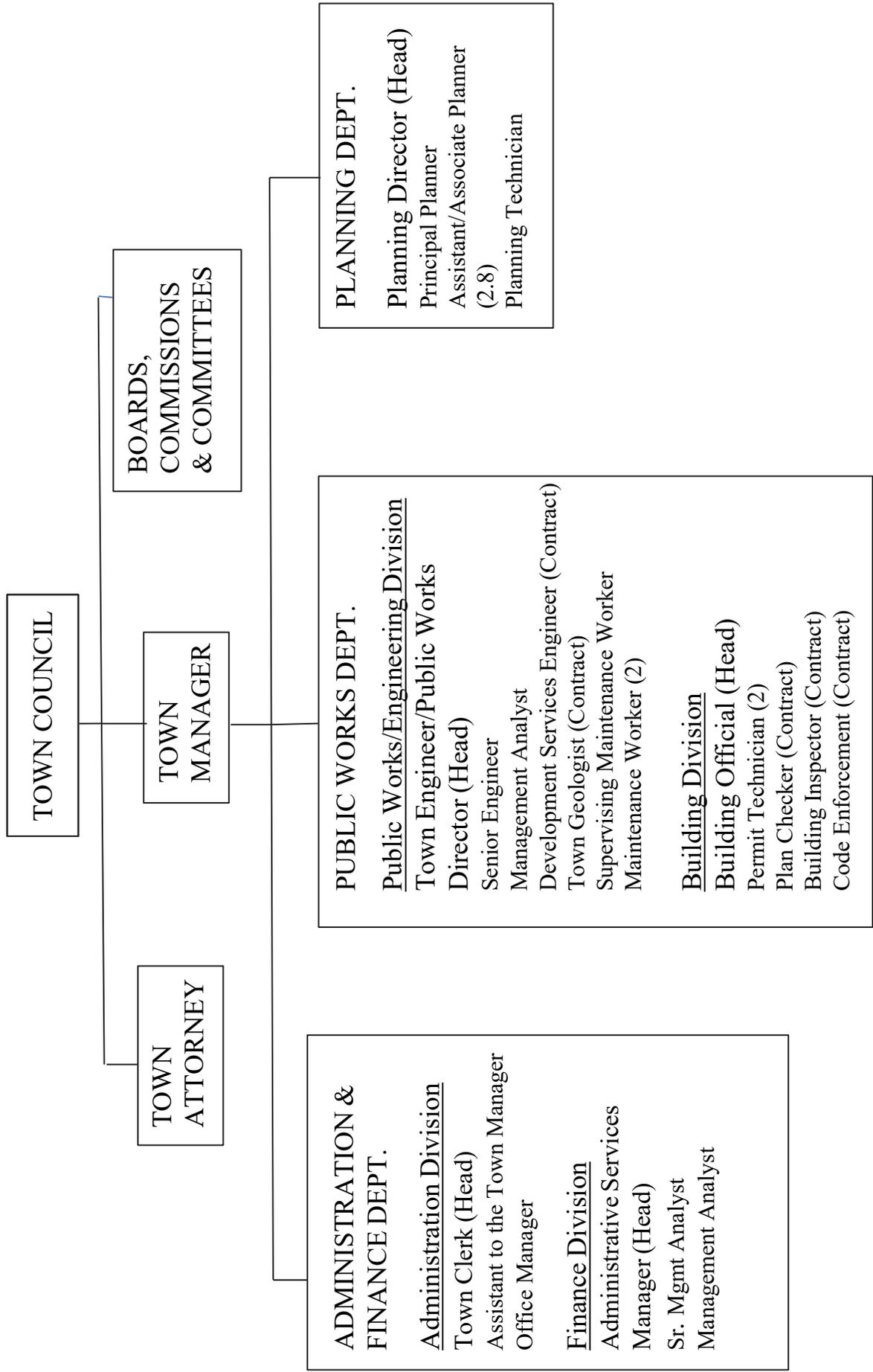
The preparation of this Annual Financial Report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department, particularly Administrative Services Manager Cindy Safe, Senior Management Analyst Patty Higashioka, and Management Analyst Paula Wong, the Audit Committee for their diligence in the review of this document and the auditing firm of Maze & Associates. I would like to express my appreciation to Graze Zhang, Vincent Vega, and the staff of Maze & Associates who assisted and contributed to the preparation of the Report.

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

Respectfully Submitted,


Kevin Bryant
Town Manager

TOWN OF WOODSIDE ORGANIZATION CHART



**Town of Woodside
Basic Financial Statements
For the year ended June 30, 2022**

List of Officials

TOWN COUNCIL

- Dick Brown, Mayor
- Chris Shaw, Mayor Pro Tempore
- Brian Dombkowski
- Ned Fluet
- Sean P. Scott
- Jennifer Wall

AUDIT COMMITTEE

- Dave Burow
- Dave Eichler
- Ron Karpovich

TOWN OFFICIALS

- Kevin Bryant, Town Manager
- Sean Rose, Town Engineer, PE, MBA
- Jennifer Li, Town Clerk, MPA, CMC
- Jackie Young, Planning Director, AICP CEP
- Cindy Safe, Administrative Services Manager, MBA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the Town Council
Town of Woodside

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the Town of Woodside, (Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the Town as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Supplementary 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, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Supplemental Schedule listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2022 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 the effectiveness of the Town's 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.

Maze & Associates

Pleasant Hill, California
October 13, 2022

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Town of Woodside

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, 2022. It should be read in conjunction with the accompanying transmittal letter and basic financial statements and notes to enhance understanding of the Town's financial position and performance.

FINANCIAL HIGHLIGHTS

Executive Summary

The Town of Woodside began fiscal year 2022 in strong financial condition with combined fund (excluding sewer funds) balances of \$11 million, a 8% increase from the beginning of fiscal year 2021.

The expenditures budget for the fiscal year 2022 included \$9,779,109 for General Fund operations (Page 21 and 40) which consists 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, code enforcement, 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 partial funding of the Portola Road Bridge over Alambique Creek of \$2,135,879 (to be reimbursed in fiscal year 2023 by a federal HBP (Highway Bridge Program) grant, Storm Drain Repair and Replacement of \$84,220 and Bike and pedestrian improvements of \$25,408.

The CIP fund includes funds from other sources as well; the State of California's gas tax (including SB1), the San Mateo County sales tax Measures A and W, and road impact fund.. Projects funded this fiscal year include the annual road rehabilitation project, improvements to Portola Road Bridge, and bike and pedestrian improvements. Town roads and bridges are capital expenses that are not depreciated (see page 12 for more information).

The Town's only enterprise or business fund (a fund whose expenses must be covered by revenue generated), the sewer fund, borrowed \$775,000 in December 2016 from the General Fund to replace the 30-year-old Town Center sewer pump. The current balance of the advance from the General Fund is \$351,209.

Annual Town Center Sewer rates for residential parcels (Town Center Area) have increased from \$1,450 to \$2,300 incrementally through fiscal year 2023. Commercial rates were also increased through 2023.

The Town Council voted to prefund pension obligations through an IRS Section 115 account through PARS (a retirement services organization) in fiscal year 2020. During fiscal year 2022 the PARS pension investment had a net decline in fair market value which resulted in a net loss of \$331,344 or 12.78%. By comparison, in fiscal year 2021 the PARS pension investment increased in value for a net gain of \$558,087. The June 30, 2022, PARS pension investment ending balance is \$2.2 million. The June 30, 2021 CalPERS actuarially derived unfunded accrued pension liability is \$3,046,078.

The Other Pension Employment Benefits (OPEB – retiree health premiums) account was also transferred to PARS (from a separate CalPERS account) with a fiscal year-ending balance of \$1.1 million and investment decrease or loss of \$166,761 compared to an investment increase or gain of \$283,323 in fiscal year 2021. This account is shown on the financial statements as a long-term liability per GASB (Government Accounting Standards Board) regulations. This fiscal year shows a net reduction of the long term OPEB liability.

Town of Woodside

Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS, CONTINUED (Executive Summary, Continued)

The Town of Woodside ended fiscal year 2022, with combined fund balances of \$11 million, a 5% decrease from the prior fiscal year. This is due to continued underspending the expense budget and revenues which were slightly greater than what was budgeted.

The Town ended the fiscal year meeting the financial policy that requires adequate unrestricted reserves in the amount of 30% of estimated operating revenues from the Town's General Fund. There is again a \$7.4 million balance in the General Fund in unrestricted funds, which is 69% of operating revenues for the year. This balance is exclusive of the new PARS Section 115 investment and includes Wells Fargo Bank and LAIF (Local Agency Investment Fund) accounts.

The Town's ten-year forecast plans to continue spending the General Fund surplus on capital improvements. In 2022-23, these include road rehabilitation, completion of the replacement of Kings Mountain Road Bridge over Union Creek, Glens Pathway and Storm Drain Repair and Replacement. There are also planned improvements at Barkley Park and Fields, and the Town Center Sewer system and a second excavator of Runnymede, replacement of fleet car.

Highlights

- ◆ In total, Town assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$24.7 million, which is a \$542,973 decrease compared to the beginning net position (Page 9).
- ◆ Business-type Activities net position increased \$210,930 to \$1.7 million. The net position includes \$351,209 which was the amount due from the Sewer fund to the General Fund (Page 9 and 18).
- ◆ Governmental Activities net position slightly decreased \$753,903 to \$23 million. Of this amount, \$2.9 million was unrestricted and available for spending at the Town's discretion (Page 9). \$2.2 million was restricted for retirement benefits and \$1.1 million were restricted special revenue funds for a total restricted amount of \$3.3 million (Statement of Net Position Page 27).
- ◆ The Town's total revenues for governmental and business-type activities increased by \$559,937 or 4.4% in fiscal year 2022. Increases can mainly be attributed to increases in one-time capital and operating grants of \$2.4 million. There are increases in all general revenue categories, with property taxes and assessments the highest dollar increase and investment losses are the highest decrease in revenue. (Page 14).
- ◆ Overall actual general fund revenues of \$10,806,528 are \$1,281,133 greater than the final budget of \$9,525,395. General fund actual expenses of \$9,316,043 are \$642,591 less than the final budget of \$9,778,634. This resulted in an overall favorable variance of \$1,923,724 in revenues over expenses for fiscal year 2022 general fund (Page 40).

OVERVIEW OF FINANCIAL STATEMENTS

This Annual Financial Report is in two major parts:

- 1) **Introductory section**, which includes the Transmittal Letter and financial highlights and overview.
- 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.

Town of Woodside

Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS, CONTINUED

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.

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 of the Town's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All 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 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 limited to just Sewer Service Funds. Unlike governmental services, these services are completely funded by users of the service. .

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 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, 2022, 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, Measure W

Town of Woodside

Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS, CONTINUED

PROPRIETARY FUND:

- ◆ Redwood Creek Sewer
- ◆ Sewer Utility
- ◆ Cañada Corridor Sewer

FIDUCIARY FUND:

- ◆ 1999 Woodside Road/ Whiskey Hill Road Parking District

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

Because the focus of the Governmental Fund Financial Statements is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the Governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The Governmental Fund Financial Statements provide detailed information about each of the Town's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the Town for the year and may change from year to year because 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 starting on page 90.

Town of Woodside

Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS, CONTINUED

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 98-107 of this report.

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 \$24,693,154 at the close of fiscal year 2022. Capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets, represent 73% 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

| | 2022 | | | 2021 | | | Total change | |
|---|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|---------------------|--------------|
| | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total | Amount | Percent |
| Current and other assets | \$ 12,182,505 | \$ 590,950 | \$ 12,773,455 | \$ 13,021,326 | \$ 305,317 | \$ 13,326,643 | \$ (553,188) | -4.2% |
| Noncurrent assets | 16,756,337 | 1,296,629 | 18,052,966 | 16,697,179 | 1,356,112 | 18,053,291 | (325) | 0.0% |
| Deferred outflows of resources | 1,284,810 | 23,947 | 1,308,757 | 1,405,180 | 23,947 | 1,429,127 | (120,370) | -8.4% |
| Total assets and deferred outflows of resources | 30,223,652 | 1,911,526 | 32,135,178 | 31,123,685 | 1,685,376 | 32,809,061 | (673,883) | -2.1% |
| Current and other liabilities | 1,141,438 | 27,630 | 1,169,068 | 1,392,612 | 18,858 | \$ 1,411,470 | (242,402) | -17.2% |
| Long-term liabilities | 3,346,733 | 132,959 | 3,479,692 | 5,610,885 | 138,859 | 5,749,744 | (2,270,052) | -39.5% |
| Deferred inflows of resources | 2,778,169 | 15,095 | 2,793,264 | 408,973 | 2,747 | 411,720 | 2,381,544 | 578.4% |
| Total liabilities and deferred inflows of resources | 7,266,340 | 175,684 | 7,442,024 | 7,412,470 | 160,464 | 7,572,934 | (130,910) | -1.7% |
| Net position: | | | | | | | | |
| Net investment in capital assets | 16,756,337 | 1,296,629 | 18,052,966 | 16,697,179 | 1,356,112 | 18,053,291 | (325) | 0.0% |
| Restricted | 3,263,671 | - | 3,263,671 | 3,817,423 | - | 3,817,423 | (553,752) | -14.5% |
| Unrestricted | 2,937,304 | 439,213 | 3,376,517 | 3,196,613 | 168,800 | 3,365,413 | 11,104 | 0.3% |
| Total net position | \$ 22,957,312 | \$ 1,735,842 | \$ 24,693,154 | \$ 23,711,215 | \$ 1,524,912 | \$ 25,236,127 | \$ (542,973) | -2.2% |

The above table is a condensed 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 total \$18,052,966. Total restricted funds are \$3,263,671. Of the total restricted funds \$2,157,749 represents the Town's Section 115 PARS pension account and \$1,105,922 represent Measure A and W, gas taxes, library fund, and law enforcement funds. \$3,376,517 represents unrestricted funds (General Funds) and is used to meet the Town's ongoing obligations to citizens and creditors.

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The \$542,973 decrease in Total Net Position as summarized in the table on page 9 is due largely to the decrease in value of the PARS Investment of (\$331,344), the net use of cash of (\$513,751) which was partially used to reduce accounts payable as well as higher spending in fiscal 2022, offset in part by increases in total accounts receivables mostly related to taxes.

In addition, the net pension liability and the net OPEB liabilities decreased by \$1,739,832 and \$482,117 respectively due to higher investment returns than was projected by the outside actuaries offset mostly by increased deferred inflows of resources related to the pension and OPEB plans which will be amortized in future periods as a reduction to pension and OPEB expense. See Notes 10 and 11 for more information.

Revenues

The Town's total revenues for governmental and business-type activities are \$13,145,763 (see table on Page 14) for the fiscal year ended June 30, 2022. Total revenue in fiscal year 2022 is \$559,937 more than last fiscal year, a 4.4% overall increase.

The only negative revenue category is the use of money and property which stands at (\$406,753). This decrease is due to the decrease in the PARS Sec 115 pension account which is due to overall decline in the market for equity and fixed income securities for fiscal year 2022. See NOTE 2 for more information.

Approximately 92% of the Town's revenues are generated from four major sources, Charges for Services, Property Taxes and Assessments, Operating and Capital Grants and Contributions, and Sales and use tax.

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

1. **Charges for Services** – Charges for services has declined by a total of \$626,589 or 19.8% from last year.

Governmental activities contributed \$705,077 to this decrease. Building and Planning fees have decreased \$164,376 (building permits and ASRB review). There were decreases in public works fees of \$540,856, which includes road impact fees and engineering and plan checks (building related fees). No significant changes in the Town's Fee Schedule have taken place since May 2013.

There is a \$6,942 increase in recreation fees which included May Day Fun Run sponsorships this year and co-ed softball.

Business type activities (Sewer) accounted for \$78,488 increase in charges for services. This increase results from the planned annual increase in sewer fees paid by residential and commercial properties that who are connected to sewer (See Page 17 and 18 for further details about the sewer fees).

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

- Property Taxes and Assessments** – The property taxes and assessments category for fiscal year 2022 includes not only Property Tax – secured, unsecured, SB 813, and prior years, but also the additional categories of Homeowner Property Tax Relief (HOPTR), and Property Tax in-lieu. Fiscal year 2022 revenue shows an increase of 10.3% or \$589,177 due to increased property taxes of \$236,880 in secured property tax and \$288,053 of in Vehicle License Fees from the state from prior years.

The library revenue also increased \$35,351 which is requested annually from the Town's share of the San Mateo County Library JPA funds (the Library JPA).

- Grants and Contributions – Operating and Capital** – The Grants and Contributions category for fiscal year 2022 increased a total of \$1,399,162 from last fiscal year.

Operating grants increased \$772,398. The American Rescue Plan Act (ARPA) of 2021 received from the Federal government through the State of California contributed \$652,835. These funds are advanced through the state to local governments and expenses (specific Town infrastructure projects) are reported against the advances as expended. Measure A revenue (sales tax Measure from County) has increased \$64,160 and the Town received \$35,233 from the state in Housing Department and CalRecycle grants.

Capital (one time) grants increased \$626,764. The State Highway Bridge Program (HBP) Old La Honda Bridge Capital grant of \$796,722 and Portola Road Bridge of \$40,413 account for most of the increase, the expenses for these grants were in last fiscal year and grants received and received in fiscal year 2022.

- Sales and use tax** – Sales tax experienced a \$175,152 or 28% increase in fiscal year 2022 due to an increase in sales tax revenues from the State of California.

Expenses

Governmental and business-type activities expenses of the Town totaled \$13,688,736 (see table on Page 14) for the year, a 11.8% or \$1,445,055 increase from last fiscal year. Governmental activities expenses totaled \$13,269,057 or 97% of total expenses. Governmental activities expenses also include depreciation expense, all capital expense that is not depreciated (such as roads capital projects), and compensated absences. In addition, Governmental activities expenses include OPEB and pension plan expenses as calculated by the CalPERS actuarial report and the GASB 75 OPEB actuarial report (NOTE 11). Each of the departments expense highlights follow in the order it appears on Page 14 on the 'Changes in Net Position' table.

Town Council expenses increased \$8,100 or 11% due to Townwide elections being held this year and no elections last fiscal year.

The **Administration and Finance** Department expenses increased by \$190,253 or 11% from fiscal year 2021 to fiscal year 2022. This is mostly due to an additional new administrative staff position. Pension, OPEB, and compensated absences costs remain about the same and are reported in the Administration and Finance Department expenses and not included in expenses of other departments.

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Planning, Building and Grounds, Town-wide Overhead, Trails and Stables, Barkley Fields, Library Services, and Recreation and Open Space all increased less than 10% or \$50,000.

Safety Services costs represented 25% or \$3,421,815 of total governmental activities expenses. There was a \$152,723 or 4.7% increase from last year.

Most of the increase is due to a \$234,987 increase in contractual police services, due to contractual increase for services from San Mateo County Sheriff Services which began in fiscal year 2019. This contract increase includes continuation of the current level of basic services, plus the enhancement of one additional motorcycle deputy on duty during the day shift. There was a \$63,298 decrease in professional services due to a decrease in the Town's Defensible Space Matching Program.

Public Works costs amounted to \$5,266,227 or 38% of total governmental expenses, public works costs increased \$904,013 or 21% from fiscal year 2021. Most operations expenses remained the same.

The largest single capital asset (depreciable) expense this year in Public Works is the 2022 purchase of a new dump truck which cost \$106,018.

One of the main components of the Public Works Department is capital project expenses (most are not capital assets, therefore are not depreciated). Capital projects are usually one-time expenses and included in the capital section of the budget. Capital projects for fiscal year 2022 increased \$1,048,221 or 56%. The following are capital project expenses for this year and the last two years:

| Capital Projects | 2021-22 Expenses | 2020-21 Expenses | 2019-20 Expenses |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Storm Drain Project | \$ 84,220 | \$ - | \$ 44,735 |
| Annual Road Improvement Project | 370,353 | 302,120 | 479,432 |
| Woodside School Path | | | 574,223 |
| Trails Projects | 4,700 | | |
| Bicycle and Pedestrian Improvements | 34,385 | | |
| Old La Honda Bridge Improvement | 2,710 | 1,035,870 | 188,137 |
| Kings Mountain Road Bridge Impv | | 254,360 | |
| Portola Rd Bridge Improvement | 2,210,878 | 92,281 | 373,830 |
| Kings Mountain Road Bank Repair | | | 2,680 |
| Bike Ped Kings Mtn Rd Safety | 2,953 | | 2,680 |
| Kings Mt Rd ROW Stabilization | | | 361,872 |
| Glens Pathway | 125,305 | | 340,463 |
| Solar/EV Installation | | 115,425 | 17,380 |
| Barkley Improvements | 73,442 | | 7,791 |
| Center Trail Equestrian Bridge | | 77,387 | 167,165 |
| Woodside Rd Median Beautification | 16,718 | | |
| TOTAL | \$ 2,925,664 | \$ 1,877,443 | \$ 2,560,388 |

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Capital projects are funded through transfers in of a variety of budgeted funds. For fiscal year 2022 the following funds were used to fund the capital projects listed above:

| | | |
|------------------|----|------------------|
| General Fund | \$ | 2,341,921 |
| Measure A | | 49,202 |
| Measure W | | 90,746 |
| Gas Tax (SB1) | | 104,000 |
| Barkley Fund | | 73,442 |
| Road Impact Fund | | 266,353 |
| Total | \$ | <u>2,925,664</u> |

Business type activities (the Town's small sewer system) had overall revenues that were \$78,564 or 13% higher than last fiscal year. The main reason for the increase is because of an overall increase in sewer fees of \$59,395 and four new sewer connection fees (two for Redwood Creek and two for the Town Center Sewer) of \$108,154.

Expenses for the sewer system were \$52,600 or 14% higher than last fiscal year. This fiscal year the contractual sewer maintenance was \$18,478 higher and there was a Town Center Sewer assessment performed this year which cost \$11,320. Salaries and benefits allocated to the sewer are also \$20,000 higher.

For more details about Business type activities (revenues and expenses) see Pages 17-19.

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The change in net position for the fiscal years ended June 30, 2022, and June 30, 2021, follows:

| | Changes in Net Position | | | | | | | |
|---|---------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|----------------------|------------------------|--------------|
| | 2022 | | | 2021 | | | | |
| | Govern- mental Activities | Business- type Activities | Total | Govern- mental Activities | Business- type Activities | Total | Total change Amount | Percent |
| Revenues: | | | | | | | | |
| Program revenues: | | | | | | | | |
| Charges for services | \$ 1,855,894 | \$ 686,401 | \$ 2,542,295 | \$ 2,560,971 | \$ 607,913 | \$ 3,168,884 | \$ (626,589) | -19.8% |
| Grants and contributions: | | | | | | | | |
| Operating | 1,550,352 | - | 1,550,352 | 777,954 | - | 777,954 | 772,398 | 99.3% |
| Capital | 851,270 | - | 851,270 | 224,506 | - | 224,506 | 626,764 | 279.2% |
| | 4,257,516 | 686,401 | 4,943,917 | 3,563,431 | 607,913 | 4,171,344 | 772,573 | 18.5% |
| General revenues: | | | | | | | | |
| Property taxes & assessments | 6,304,366 | - | 6,304,366 | 5,715,189 | - | 5,715,189 | 589,177 | 10.3% |
| Sales and use tax | 797,163 | - | 797,163 | 622,011 | - | 622,011 | 175,152 | 28.2% |
| Property transfer tax | 351,748 | - | 351,748 | 372,260 | - | 372,260 | (20,512) | -5.5% |
| Other taxes | 237,918 | - | 237,918 | 227,880 | - | 227,880 | 10,038 | 4.4% |
| Franchises | 597,059 | - | 597,059 | 580,641 | - | 580,641 | 16,418 | 2.8% |
| Business licenses | 171,859 | - | 171,859 | 174,681 | - | 174,681 | (2,822) | -1.6% |
| Fines and forfeitures | 115,160 | - | 115,160 | 102,010 | - | 102,010 | 13,150 | 12.9% |
| Use of money and property | (406,753) | 2,708 | (404,045) | 569,564 | 2,632 | 572,196 | (976,241) | -170.6% |
| Other general revenues | 30,618 | - | 30,618 | 47,614 | - | 47,614 | (16,996) | -35.7% |
| Total revenues | 12,456,654 | 689,109 | 13,145,763 | 11,975,281 | 610,545 | 12,585,826 | 559,937 | 4.4% |
| Expenses: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| Town Council | 81,045 | - | 81,045 | 72,945 | - | 72,945 | 8,100 | 11.1% |
| Administration and Finance | 1,914,568 | - | 1,914,568 | 1,724,315 | - | 1,724,315 | 190,253 | 11.0% |
| Planning Department | 1,199,892 | - | 1,199,892 | 1,182,588 | - | 1,182,588 | 17,304 | 1.5% |
| Buildings and Grounds | 276,192 | - | 276,192 | 251,562 | - | 251,562 | 24,630 | 9.8% |
| Town-wide Overhead | 438,191 | - | 438,191 | 414,287 | - | 414,287 | 23,904 | 5.8% |
| Safety Services | 3,421,815 | - | 3,421,815 | 3,269,092 | - | 3,269,092 | 152,723 | 4.7% |
| Trails and Stables | 88,248 | - | 88,248 | 82,284 | - | 82,284 | 5,964 | 7.2% |
| Barkley Fields | 373,579 | - | 373,579 | 328,333 | - | 328,333 | 45,246 | 13.8% |
| Library Services | 194,594 | - | 194,594 | 185,269 | - | 185,269 | 9,325 | 5.0% |
| Public Works | 5,266,227 | - | 5,266,227 | 4,362,214 | - | 4,362,214 | 904,013 | 20.7% |
| Recreation and Open Space | 14,706 | - | 14,706 | 3,713 | - | 3,713 | 10,993 | 296.1% |
| Business-type activities: | | | | | | | | |
| Sewer Utility | - | 381,218 | 381,218 | - | 329,503 | 329,503 | 51,715 | 15.7% |
| Cañada Corridor Sewer | - | 38,461 | 38,461 | - | 37,576 | 37,576 | 885 | 2.4% |
| Total expenses | 13,269,057 | 419,679 | 13,688,736 | 11,876,602 | 367,079 | 12,243,681 | 1,445,055 | 11.8% |
| Excess (Deficiency) of revenues over | | | | | | | | |
| expenditures before transfers | (812,403) | 269,430 | (542,973) | 98,679 | 243,466 | 342,145 | (885,118) | -258.7% |
| Transfers | 58,500 | (58,500) | - | 56,500 | (56,500) | - | - | 0.0% |
| Change in net position | (753,903) | 210,930 | (542,973) | 155,179 | 186,966 | 342,145 | (885,118) | -258.7% |
| Net position: | | | | | | | | |
| Beginning of year | 23,711,215 | 1,524,912 | 25,236,127 | 23,308,596 | 1,337,946 | 24,646,542 | 589,585 | 2.4% |
| Restatements | - | - | - | 247,440 | - | 247,440 | (247,440) | 100% |
| Beginning, as adjusted | 23,711,215 | 1,524,912 | 25,236,127 | 23,556,036 | 1,337,946 | 24,893,982 | 342,145 | 1.4% |
| End of year | \$ 22,957,312 | \$ 1,735,842 | \$ 24,693,154 | \$ 23,711,215 | \$ 1,524,912 | \$ 25,236,127 | \$ (542,973) | -2.2% |

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Governmental Activities

The cost of all **governmental activities** this year (exclusive of business/sewer activities) is \$13,269,057. Of this amount (as shown in the Statement of Activities on Page 28) the amount that taxpayers ultimately financed for **governmental activities** was \$9,011,541. Those who directly benefited from town programs paid \$1,855,894 (charges for service). Other governments and organizations subsidized certain programs with grants and contributions in the amount of \$1,550,352 for operations and \$851,270 for capital. The Town paid the remaining "public benefit" portion of **government activities** with \$6,304,366 in property taxes, \$2,301,525 in other general revenues, and (\$404,045) in the use of money and property due to the decline in the value of the PARS investment mentioned on Page 10).

Referring to the Changes in Net Position table (Page 14), total resources available during the year to finance **governmental operations** were \$12,456,654. This consisted of \$4,257,516 (charges for services and grants) in program revenues and \$8,199,138 in general revenues.

Total **governmental activities** operating expenses during the year is \$13,269,057. Net position beginning balance on July 1, 2021, was \$23,711,215. This decreased by \$753,903 to an ending balance net position of \$22,957,312 on June 30, 2022. This net position decrease is primarily due to a 12% increase in expenses offset in part by 4% increase in revenue of \$481,373.

The specific decreases in **governmental activities** revenue are charges for services of \$705,077 (due to less building permit fees this fiscal year) and use of money and property revenues of \$976,317 due to a decrease in the PARS pension investment account (See NOTE 2 for more details) These decreases in revenue were offset by an increase in operating grants of \$772,398 (due to the federal government ARPA grant), Capital grants of \$626,764 (Old La Honda Road Bridge HBP grant), and Property taxes of \$589,177.

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, 2022, and 2021, are as follows:

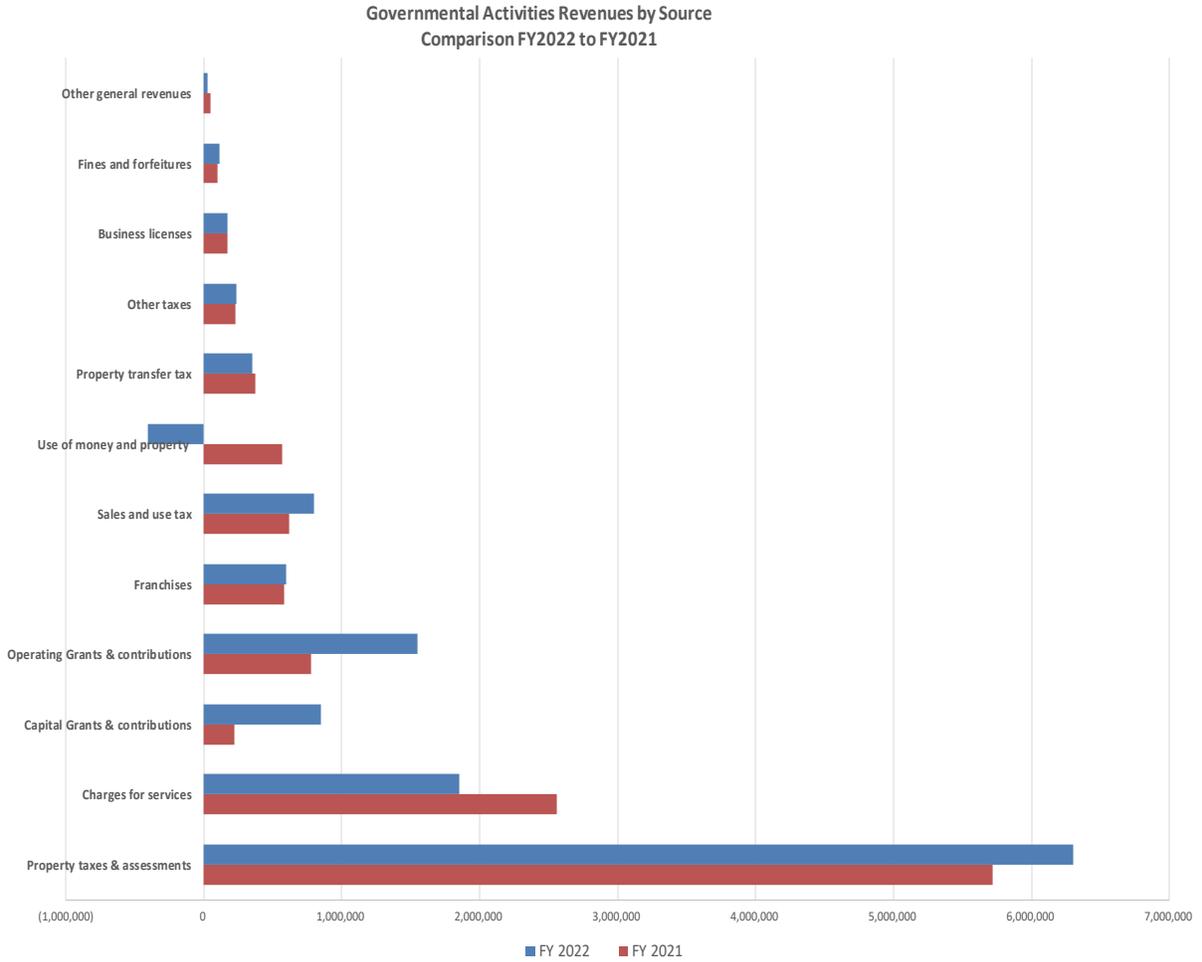
| | Operating Revenue | | Operating Expenses | | Net (Expense) and Changes in Net Position | |
|--------------------------------------|---------------------|---------------------|----------------------|----------------------|---|-----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Governmental activities: | | | | | | |
| Town Council | \$ - | \$ - | \$ 81,045 | \$ 72,945 | \$ (81,045) | \$ (72,945) |
| Administration and Finance | 113,117 | 111,807 | 1,914,568 | 1,724,315 | (1,801,451) | (1,612,508) |
| Planning Department | 622,596 | 751,739 | 1,199,892 | 1,182,588 | (577,296) | (430,849) |
| Buildings and Grounds | - | - | 276,192 | 251,562 | (276,192) | (251,562) |
| Town-wide Overhead | - | - | 438,191 | 414,287 | (438,191) | (414,287) |
| Safety Services | 183,862 | 190,158 | 3,421,815 | 3,269,092 | (3,237,953) | (3,078,934) |
| Trails and Stables | 7,179 | 917 | 88,248 | 82,284 | (81,069) | (81,367) |
| Barkley Fields | 4,375 | 8,750 | 373,579 | 328,333 | (369,204) | (319,583) |
| Library Services | - | - | 194,594 | 185,269 | (194,594) | (185,269) |
| Public Works | 3,295,545 | 2,476,660 | 5,266,227 | 4,362,214 | (1,970,682) | (1,885,554) |
| Recreation and Open Space | 30,842 | 23,400 | 14,706 | 3,713 | 16,136 | 19,687 |
| Total governmental activities | \$ 4,257,516 | \$ 3,563,431 | \$ 13,269,057 | \$ 11,876,602 | \$ (9,011,541) | \$ (8,313,171) |

Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

A comparison of revenues by source for the fiscal years ended June 30, 2022, and 2021, are as follows:



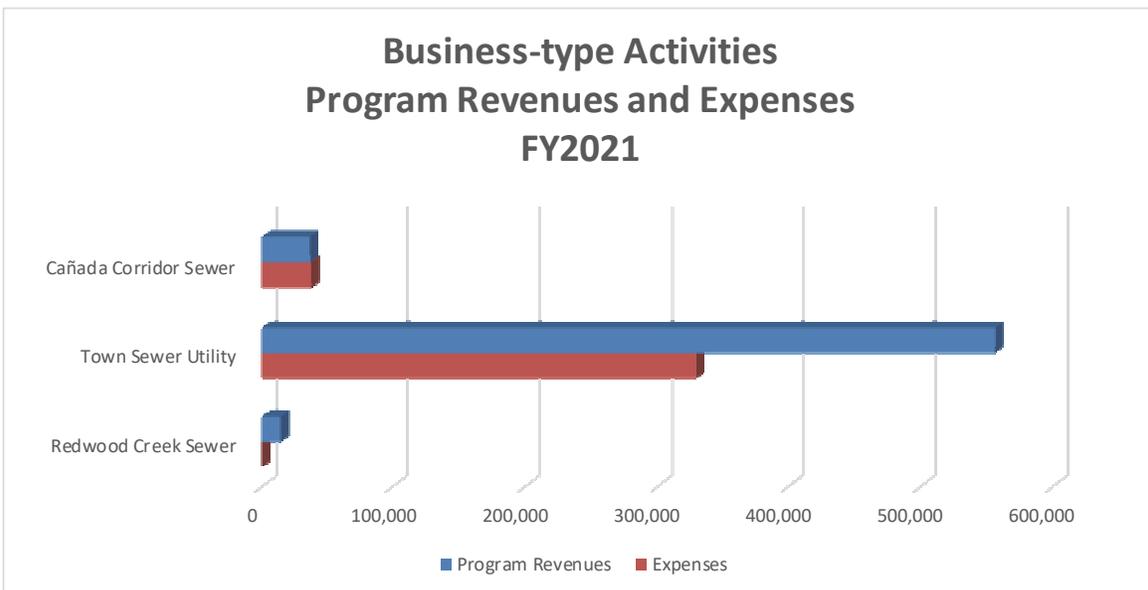
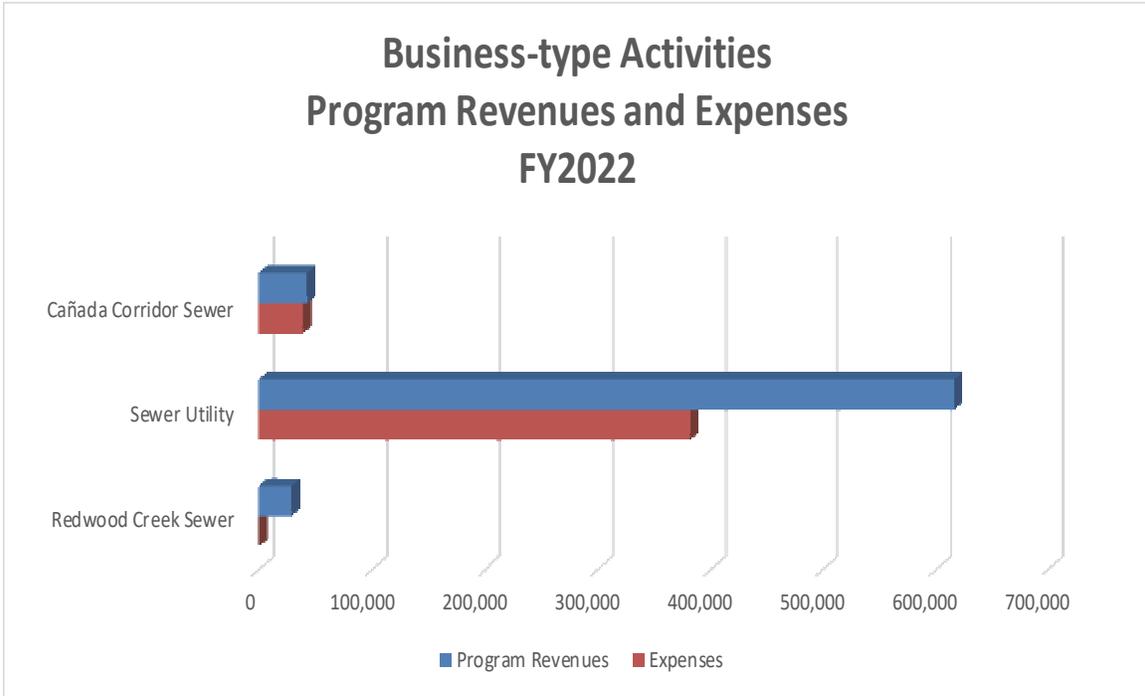
Town of Woodside

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

Business-type Activities

Business-type activities incurred \$419,679 in expenses during the fiscal year. The Town has three business-type funds, which are the Redwood Creek, Sewer Utility, and Cañada Corridor Sewer Funds. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2022, and 2021, are as follows:



Town of Woodside

Management's Discussion and Analysis

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, 2022, increased \$210,930 from fiscal year 2021. The following table is a re-statement of the Statement of Business-type Activities outlining the components of this increase.

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

| | 2022 | 2021 | Change | % Change |
|--|-------------------|-------------------|------------------|--------------|
| Revenues: | | | | |
| Charges for Services | \$ 686,401 | \$ 607,913 | \$ 78,488 | 12.9% |
| Operating grants and contributions | - | - | - | 100.0% |
| Sewer Contractor Settlement | - | - | - | 100.0% |
| Use of money and property (interest) | 2,708 | 2,632 | 76 | 2.9% |
| Total | \$ 689,109 | \$ 610,545 | \$ 78,564 | 12.9% |
| Expenses: | | | | |
| Redwood Creek Sewer | \$ - | \$ - | \$ - | 100.0% |
| Town Sewer Utility | 381,218 | 329,503 | 51,715 | 15.7% |
| Cañada Corridor Sewer | 38,461 | 37,576 | 885 | 2.4% |
| Total | \$ 419,679 | \$ 367,079 | \$ 52,600 | 14.3% |
| Excess (Deficiency) of revenues over expenditures before transfers | \$ 269,430 | \$ 243,466 | \$ 25,964 | 10.7% |
| Transfers | (58,500) | (56,500) | (2,000) | 3.5% |
| Change in Net Position | \$ 210,930 | \$ 186,966 | \$ 23,964 | 12.8% |

Business-type activities total revenue for fiscal year 2022 is \$689,109. Revenues for this year exceeded expenses by \$210,930. These revenues are received from two sources, Charges for Sewer Services \$686,401 and LAIF Investment Earnings \$2,708. 99.6% of the funding received for Sewer business services is derived through charges for this service.

Charges for sewer services were up 12.9% or \$78,564. This increase is largely due to an overall increase of 8% in residential and commercial sewer fees (a sewer utility bill paid by residents and business' through their property tax bill), in fiscal year 2022. There are two new connections to the Town Center Sewer and two to the Redwood Creek Sewer, which resulted in a \$79,654 and \$28,500 connection fees respectively. There was one new connection last fiscal year. LAIF interest rates were about the same this year as last year.

A portion of the sewer expenses and revenues represents a December 2016 Town Center Sewer 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 2022 the fifth payment of \$100,000 was paid back to the general fund from the Town Center Sewer pump fund and a \$351,209 principal balance remains.

Sewer expenses were \$52,600 higher in fiscal year 2022. Expenses are mainly maintenance, transportation and treatment contracts that cover operations of the sewer. These operating expenses have stayed about the same as last fiscal year. The expenses that contributed to the increase include an increase in the Town Sewer Utility contractual sewer system maintenance of \$18,478, a sewer condition assessment costing \$11,320 and approximately \$20,000 increased salaries and benefits. Depreciation expenses were the same year to year.

Transfers represent overhead payments to the General Fund for sewer administration expenses.

Town of Woodside

Management's Discussion and Analysis

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, beginning on Page 32.

The Town's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2022, the Town's governmental funds reported combined fund balances of \$11,088,941 (Page 33). This is a decrease of \$592,336, or 5%, from the balance ending fiscal year 2021 of \$11,681,277. In the previous fiscal year there was an 8% increase. The 5% decrease this fiscal year results primarily from a decrease in General Fund revenues from charges for service and use of money and property categories of revenue and increased department expenses, primarily from capital outlay.

- ◆ The 7% increase of **General Fund Taxes and Assessments** of \$552,687 this fiscal year is mostly due to a continued overall increase in property taxes of \$236,880 from San Mateo County and \$288,053 for prior years VLF (Vehicle License Fees) from the State of California.

The two sources of funding for VLF are non-basic aid school districts' ERAF (Educational Revenue Augmentation Fund) monies and property tax revenues. ERAF occurs when local property taxes are sufficient to support local schools without major State of California aid, a condition that occurs in counties with high property values and relatively few school children. The State makes these districts whole for any monies that are used to pay the State's VLF obligation. The State is lagging in these VLF payments to San Mateo County, and this 2022 payment to the Town represents prior years VLF revenues.

The remaining balance sheet assets are about the same as last fiscal year.

As discussed earlier (Page 10), the **Use of Money and Property** revenue category decreased \$909,269, due to decline in market value in the PARS pension account in fiscal year 2022 of \$331,344 compared with an increase of \$558,087 in fiscal year 2021.

The decrease in the PARS pension account also resulted in a \$519,432 or 13%, decrease in **Restricted Cash and Investments**

Capital Outlay department expenditures increased \$887,962, or 39%, due to increased expenses in capital projects discussed in part on page 13 and 20.

- ◆ The **Library Operations Fund** balance stayed about the same at (\$1,752). The Library Fund supports the Town's share of the operation and maintenance of the library facility. The Town is a party to the JPA between cities within San Mateo County and the JPA holds funds in trust for Woodside. For fiscal year 2022, \$865,123 was added to the JPA fund through property taxes. This left the JPA Woodside balance at \$4,447,237 as of June 30, 2022.
- ◆ 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 a slight increase in Measure A fund balance this fiscal year of \$20,199. This fund is used to maintain and fund capital road projects.

Town of Woodside

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS, CONTINUED

- ◆ 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 (fiscal year 2022-2026) \$8,670,896 capital improvement program budget was approved by Town Council in fiscal year 2021 of which \$3,630,896 was appropriated for fiscal year 2022 of which \$3 million was spent. 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, and grants), also appropriated through the budget, reduce these capital expenses, so that the fund is intended to be 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. On June 30, 2022, net capital assets of the governmental activities totaled \$16,756,337. 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>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Land | \$ 9,468,373 | \$ 9,468,373 | \$ - | \$ - |
| Buildings and improvements | 6,900,178 | 7,006,825 | - | - |
| Machinery and equipment | 387,786 | 221,981 | - | - |
| Pumps and collection systems | - | - | 1,296,629 | 1,356,112 |
| Total | \$ 16,756,337 | \$ 16,697,179 | \$ 1,296,629 | \$ 1,356,112 |

Additional information on the Town's capital assets can be found in Note 4 on page 70 of this report.

Capital Asset Activity

New governmental capital asset expense activity included: \$106,018 for a new 2021 Ram 5500 dump truck, the old 2008 Ford dump truck it replaced was sold for \$11,380 at auction. No new capital assets were added for business (sewer) type activities. Additional information on the Town's capital assets can be found in Note 4 on Page 70 of this report.

LONG TERM LIABILITIES

Governmental Activities total for long term liabilities decreased by 39% for a total of \$2,268,841 (includes 10% of the total of compensated absences for both fiscal years). Additional information can be found in Note 6 (Page 71).

The largest decrease from last fiscal year is \$1,739,832, or 42%, due to a decrease in net pension liability. For the most recent CalPERS actuary report ending June 30, 2021, CalPERS net pension liability decreased from \$4,135,509 in fiscal year 2021 to \$2,395,677 in fiscal year 2022. This is due to a 21% CalPERS return on investment in fiscal year 2021, which was unusually high. Expected annual return on investments for CalPERS is 7%. See Note 10 starting on Page 76. \$2,292,218 represents the governmental-type portion of the liability and \$103,459 is the business-type portion.

Town of Woodside

Management's Discussion and Analysis

Long Term Liabilities, Continued

Compensated absences due at year end decreased a total of \$46,892 or 9%, due to retirement of one long term employee. The total compensated absences liability is \$478,743 of which \$430,869 is a long-term liability and \$47,874 is a short-term liability. This entire liability is in governmental-type (no business-type).

There was a decrease of \$482,117 due to an increase in Other Postemployment Benefits (OPEB) liabilities.. The amount is calculated by using the Actuarially determined OPEB Liability of \$1,875,713, net of market value of assets (Town of Woodside's PARS OPEB account) of \$1,252,067, which is \$623,646 (\$482,117 less than fiscal year 2021). (See NOTE 11 Page 84 first chart). The entire long-term liability is in governmental-type (no business-type).

NEXT YEAR'S BUDGETED APPROPRIATIONS

The 2022-23 budget adopted by Town Council for all Town funds (excluding Sewer, Parking District, Capital, and transfers in and out) is \$11,398,579. Final budget for fiscal year 2021-22 is found in the 'Budget to Actual' statement of Page 40 and the differences are summarized as follows:

| | FY2022-23 (Budget) | FY2021-22 (Budget) | Amount Change | Percentage Change |
|-------------------------------------|-----------------------|-----------------------|-------------------|----------------------|
| General fund: | | | | |
| Town Council | \$ 66,130 | \$ 145,500 | \$ (79,370) | -54.5% |
| Administration and Finance | 1,720,800 | 1,530,420 | 190,380 | 12.4% |
| Planning Department | 1,237,350 | 1,225,572 | 11,778 | 1.0% |
| Buildings and Grounds | 210,835 | 185,350 | 25,485 | 13.7% |
| Town-wide Overhead | 718,500 | 672,500 | 46,000 | 6.8% |
| Safety Services | 4,087,464 | 3,852,732 | 234,732 | 6.1% |
| Trails and Stables | 99,095 | 116,525 | (17,430) | -15.0% |
| Barkley Fields (incl construction) | 255,860 | 242,810 | 13,050 | 5.4% |
| Public Works | 1,749,350 | 1,737,700 | 11,650 | 0.7% |
| Recreation and Open Space | 70,000 | 70,000 | - | 0.0% |
| Total general fund: | 10,215,384 | 9,779,109 | 436,275 | 4.5% |
| Special revenue funds: | | | | |
| Library Operations | 127,175 | 113,040 | 14,135 | 12.5% |
| Measure A and W | 324,700 | 201,205 | 123,495 | 61.4% |
| Traffic Safety | 52,650 | 42,650 | 10,000 | 23.4% |
| Road Impact Fees | 359,425 | 277,300 | 82,125 | 29.6% |
| Gas Tax | 137,020 | 85,820 | 51,200 | 59.7% |
| Supplemental Law Enforcement | 182,225 | 175,000 | 7,225 | 4.1% |
| Total special revenue funds: | 1,183,195 | 895,015 | 288,180 | 32.2% |
| Total Budget: | \$ 11,398,579 | \$ 10,674,124 | \$ 724,455 | 6.8% |

Town of Woodside

Management's Discussion and Analysis

NEXT YEAR'S BUDGETED APPROPRIATIONS, CONTINUED

1. **General Fund** – Overall there is a \$436,275 or 4.5% increase in the General Fund budget.

Almost all the departments have increased spending. The highlights include decreased spending of \$79,370 in **Town Council** due to funding for general elections in fiscal year 2022 and no elections in fiscal year 2021; **Safety Services** \$234,732 increase based on annual San Mateo County Sherriff contract increase and the addition of automated license plate readers; **Administration and Finance** \$190,380 mostly due to a full fiscal year of a new administrative staff member hired in fiscal year 2022 and contractual services of a the preparation of a technology master plan.

Decreased spending of \$17,430 in **Trails** due to more capital trails projects in fiscal year 2022 than in fiscal year 2023.

Increased spending in **Building and Grounds** of \$25,485 due to the restoration of Kite Hill and Village Hill as natural preserve.

Town-wide Overhead increase of \$46,000 includes upgrades or replacement of the Town's permit management system.

Those departments that stayed about the same are **Planning, Barkley Fields, Public Works, and Recreation.**

2. **Library Services** – Budget from year to year remained about the same.
3. **Measure A and W**– Budget increased because revenue from these sales taxes increased. Expenses include contributions to the capital projects of Glens Pathway and other bike and pedestrian safety.
4. **Traffic Safety, Road Impact Fees, and Gas Tax** – Budget from year to year increased, due to increasing gas tax and road impact fees which are directly related to increases in capital road projects.
5. **Supplemental Law Enforcement** - Budget from year to year remained about the same.

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 or need additional financial information, contact the Town of Woodside Finance Department, P.O. Box 620005, Woodside, CA 94062, or visit the Town's web page at www.woodsidetown.org.

BASIC FINANCIAL STATEMENTS

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STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

The Statement of Net Position on page 27 summarizes the financial position of the Town indicating total assets and liabilities, with the net difference being the net position or condition as of June 30, 2022, the end of the fiscal year. This information is summarized between the Town's Governmental Activities, Business-Type Activities and the Town in total.

The Statement of Activities on page 28, summarizes Town expenses, Program revenues and General Revenues during the twelve-month for the fiscal year ending June 30, 2022 and the resulting change in the net position. The Towns expenses are listed by major program and activity (i.e. Government vs. Business-type). Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of the governmental program. The Town's general revenues are then listed in the Governmental Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

The Town's Governmental Activities include the activities of its General Fund, along with all its Special Revenue Funds, and Capital Projects Funds. Activities of the General Fund include public works and improvements, safety and library, planning and zoning and building inspections and general administration among other things. Business-type activities include enterprise activities including three sewer funds.

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

These financial statements, along with the fund financial statements and footnotes, are called *Basic Financial Statements*.

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Town of Woodside
Statement of Net Position
June 30, 2022

| | Governmental Activities | Business-type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 8,581,600 | \$ 933,243 | \$ 9,514,843 |
| Receivables: | | | |
| Accounts receivable | 191,878 | 7,372 | 199,250 |
| Interest receivable | 15,232 | 1,544 | 16,776 |
| Intergovernmental receivable | 61,692 | - | 61,692 |
| Taxes receivable | 804,159 | - | 804,159 |
| Other receivable | 18,986 | - | 18,986 |
| Restricted cash and investments (Note 2) | 2,157,749 | - | 2,157,749 |
| Internal balances | 351,209 | (351,209) | - |
| Capital assets (Note 4): | | | |
| Nondepreciable | 9,468,373 | - | 9,468,373 |
| Depreciable | 7,287,964 | 1,296,629 | 8,584,593 |
| Total assets | 28,938,842 | 1,887,579 | 30,826,421 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension Plan (Note 10) | 882,519 | 23,947 | 906,466 |
| OPEB (Note 11) | 402,291 | - | 402,291 |
| Total deferred outflows of resources | 1,284,810 | 23,947 | 1,308,757 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 385,352 | 27,630 | 412,982 |
| Deposit payable | 708,212 | - | 708,212 |
| Compensated absences- current portion | 47,874 | - | 47,874 |
| Long-term liabilities (Note 6): | | | |
| Compensated absences | 430,869 | - | 430,869 |
| Note payable | - | 29,500 | 29,500 |
| Net OPEB liability (Note 11) | 623,646 | - | 623,646 |
| Net pension liability (Note 10) | 2,292,218 | 103,459 | 2,395,677 |
| Total liabilities | 4,488,171 | 160,589 | 4,648,760 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension plan (Note 10) | 2,146,878 | 15,095 | 2,161,973 |
| OPEB (Note 11) | 631,291 | - | 631,291 |
| Total deferred inflows of resources | 2,778,169 | 15,095 | 2,793,264 |
| NET POSITION | | | |
| Net investment in capital assets | 16,756,337 | 1,296,629 | 18,052,966 |
| Restricted | 3,263,671 | - | 3,263,671 |
| Unrestricted | 2,937,304 | 439,213 | 3,376,517 |
| Total Net Position | \$ 22,957,312 | \$ 1,735,842 | \$ 24,693,154 |

The accompanying notes are an integral part of these financial statements

Town of Woodside
Statement of Activities
For the Year Ended June 30, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Town Council | \$ 81,045 | \$ - | \$ - | \$ - |
| Administration and Finance | 1,914,568 | 113,117 | - | - |
| Planning Department | 1,199,892 | 587,363 | 35,233 | - |
| Buildings and Grounds | 276,192 | - | - | - |
| Town-wide Overhead | 438,191 | - | - | - |
| Safety Services | 3,421,815 | 22,577 | 161,285 | - |
| Trails and Stables | 88,248 | 994 | 6,185 | - |
| Barkley Fields | 373,579 | 4,375 | - | - |
| Library Services | 194,594 | - | - | - |
| Public Works | 5,266,227 | 1,097,126 | 1,347,149 | 851,270 |
| Recreation and Open Space | 14,706 | 30,342 | 500 | - |
| Total governmental activities | 13,269,057 | 1,855,894 | 1,550,352 | 851,270 |
| Business-Type Activities: | | | | |
| Redwood Creek Sewer | - | 28,500 | - | - |
| Sewer Utility | 381,218 | 615,549 | - | - |
| Cañada Corridor Sewer | 38,461 | 42,352 | - | - |
| Total business-type activities | 419,679 | 686,401 | - | - |
| Total primary government | \$ 13,688,736 | \$ 2,542,295 | \$ 1,550,352 | \$ 851,270 |

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

Net position - Ending

The accompanying notes are an integral part of these financial statements

**Net(Expense) Revenue and
Changes in Net Position**

| Governmental Activities | Business-Type Activities | Totals |
|------------------------------------|-------------------------------------|----------------------|
| \$ (81,045) | \$ - | \$ (81,045) |
| (1,801,451) | - | (1,801,451) |
| (577,296) | - | (577,296) |
| (276,192) | - | (276,192) |
| (438,191) | - | (438,191) |
| (3,237,953) | - | (3,237,953) |
| (81,069) | - | (81,069) |
| (369,204) | - | (369,204) |
| (194,594) | - | (194,594) |
| (1,970,682) | - | (1,970,682) |
| 16,136 | - | 16,136 |
| (9,011,541) | - | (9,011,541) |
| - | 28,500 | 28,500 |
| - | 234,331 | 234,331 |
| - | 3,891 | 3,891 |
| - | 266,722 | 266,722 |
| (9,011,541) | 266,722 | (8,744,819) |
| 6,304,366 | - | 6,304,366 |
| 797,163 | - | 797,163 |
| 351,748 | - | 351,748 |
| 237,918 | - | 237,918 |
| 597,059 | - | 597,059 |
| 171,859 | - | 171,859 |
| 115,160 | - | 115,160 |
| (406,753) | 2,708 | (404,045) |
| 30,618 | - | 30,618 |
| 8,199,138 | 2,708 | 8,201,846 |
| 58,500 | (58,500) | - |
| 8,257,638 | (55,792) | 8,201,846 |
| (753,903) | 210,930 | (542,973) |
| 23,711,215 | 1,524,912 | 25,236,127 |
| \$ 22,957,312 | \$ 1,735,842 | \$ 24,693,154 |

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FUND FINANCIAL STATEMENTS

MAJOR FUNDS

The Fund Financial Statements present only individual major funds which nonmajor funds are combined in a signal column. The non-major funds are listed on Page 97 in this report followed by supplemental financial statements for each of these funds beginning on page 98.

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 bridges, road repair/replacement and trail and pedestrian improvement. |

**Town of Woodside
Balance Sheet
Governmental Funds
June 30, 2022**

| | Major Funds | | |
|--|-------------------------|-------------------------------|-------------------|
| | General Fund | Special Revenue Funds | |
| | | Library Operations | Measure A |
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 7,184,689 | \$ 3,501 | \$ 636,206 |
| Receivable: | | | |
| Accounts receivable | 191,878 | - | - |
| Interest receivable | 12,885 | - | 1,062 |
| Intergovernmental receivable | - | - | 27,290 |
| Taxes receivable | 804,159 | - | - |
| Other receivable | - | - | - |
| Restricted cash and investments (Note 2) | 2,157,749 | - | - |
| Due from other funds | 300,775 | - | - |
| Advances to other funds | 351,209 | - | - |
| Total assets | \$ 11,003,344 | \$ 3,501 | \$ 664,558 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 312,113 | \$ 5,253 | \$ 1,371 |
| Due to other funds | - | - | - |
| Deposits payable | 708,212 | - | - |
| Total liabilities | 1,020,325 | 5,253 | 1,371 |
| Fund balances: | | | |
| Nonspendable | 351,209 | - | - |
| Restricted | 2,157,749 | - | 663,187 |
| Unassigned | 7,474,061 | (1,752) | - |
| Total fund balances | 9,983,019 | (1,752) | 663,187 |
| Total liabilities and fund balances | \$ 11,003,344 | \$ 3,501 | \$ 664,558 |

The accompanying notes are an integral part of these financial statements

| Capital Projects Fund | Nonmajor Governmental Funds | Totals |
|--------------------------------------|--|----------------------|
| \$ - | \$ 757,204 | \$ 8,581,600 |
| - | - | 191,878 |
| - | 1,285 | 15,232 |
| - | 34,402 | 61,692 |
| - | - | 804,159 |
| - | 18,986 | 18,986 |
| - | - | 2,157,749 |
| - | - | 300,775 |
| - | - | 351,209 |
| <u>\$ -</u> | <u>\$ 811,877</u> | <u>\$ 12,483,280</u> |

| | | |
|----------------|---------------|------------------|
| \$ 47,209 | \$ 19,406 | \$ 385,352 |
| 300,775 | - | 300,775 |
| - | - | 708,212 |
| <u>347,984</u> | <u>19,406</u> | <u>1,394,339</u> |

| | | |
|------------------|-------------------|----------------------|
| - | - | 351,209 |
| - | 792,471 | 3,613,407 |
| (347,984) | - | 7,124,325 |
| <u>(347,984)</u> | <u>792,471</u> | <u>11,088,941</u> |
| <u>\$ -</u> | <u>\$ 811,877</u> | <u>\$ 12,483,280</u> |

Town of Woodside
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

| | | |
|---|--------------------|-----------------------------|
| Fund Balances - Total Governmental Funds | | \$ 11,088,941 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. | | 16,756,337 |
| 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 (total) | \$ (478,743) | |
| Net OPEB liability | (623,646) | |
| Net pension liability | <u>(2,292,218)</u> | (3,394,607) |
| Pension and OPEB obligations result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets, and liabilities | | |
| Deferred outflows of resources | 1,284,810 | |
| Deferred inflows of resources | <u>(2,778,169)</u> | <u>(1,493,359)</u> |
| Net Position of Governmental Activities | | <u><u>\$ 22,957,312</u></u> |

The accompanying notes are an integral part of these financial statements

Town of Woodside
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2022

| | Governmental Funds Balance Sheet | Reclassifications | Changes in GAAP | Statement of Net Position |
|--|--|---------------------|----------------------|------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 8,581,600 | \$ - | \$ - | \$ 8,581,600 |
| Receivables: | | | | |
| Accounts receivable | 191,878 | - | - | 191,878 |
| Interest receivable | 15,232 | - | - | 15,232 |
| Intergovernmental receivable | 61,692 | - | - | 61,692 |
| Taxes receivable | 804,159 | - | - | 804,159 |
| Other receivables | 18,986 | - | - | 18,986 |
| Internal balances | - | 527,028 | - | 527,028 |
| Restricted cash and investments (Note 2) | 2,157,749 | - | - | 2,157,749 |
| Due from other funds | 300,775 | (300,775) | - | - |
| Advances to other funds | 351,209 | (527,028) | - | (175,819) |
| Capital assets, net | - | - | 16,756,337 | 16,756,337 |
| Total assets | 12,483,280 | (300,775) | 16,756,337 | 28,938,842 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension plan | - | - | 882,519 | 882,519 |
| OPEB | - | - | 402,291 | 402,291 |
| Total assets and deferred outflows of resources | \$ 12,483,280 | \$ (300,775) | \$ 18,041,147 | \$ 30,223,652 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 385,352 | \$ - | \$ - | \$ 385,352 |
| Deposits payable | 708,212 | - | - | 708,212 |
| Due to other funds | 300,775 | (300,775) | - | - |
| Compensated absences - current | - | - | 47,874 | 47,874 |
| Total current liabilities | 1,394,339 | (300,775) | 47,874 | 1,141,438 |
| Compensated absences | - | - | 430,869 | 430,869 |
| Net OPEB liability | - | - | 623,646 | 623,646 |
| Net pension liability | - | - | 2,292,218 | 2,292,218 |
| Total liabilities | 1,394,339 | (300,775) | 3,394,607 | 4,488,171 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension plan | - | - | 2,146,878 | 2,146,878 |
| OPEB | - | - | 631,291 | 631,291 |
| Total deferred inflows of resources | - | - | 2,778,169 | 2,778,169 |
| FUND BALANCES/NET POSITION | | | | |
| Nonspendable reported in: | | | | |
| General Fund | 351,209 | (351,209) | - | - |
| Restricted reported in: | | | | |
| Special revenue funds | 3,613,407 | (3,613,407) | - | - |
| Unassigned (deficit), reported in: | | | | |
| General Fund | 7,474,061 | (7,474,061) | - | - |
| Special revenue funds | (349,736) | 349,736 | - | - |
| Net position: | | | | |
| Net investment in capital assets | - | - | 16,756,337 | 16,756,337 |
| Restricted | - | - | 3,263,671 | 3,263,671 |
| Unrestricted | - | 11,088,941 | (8,151,637) | 2,937,304 |
| Total fund balances/net position | \$ 11,088,941 | \$ - | \$ 11,868,371 | \$ 22,957,312 |

The accompanying notes are an integral part of these financial statements

Town of Woodside
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2022

| | Major Funds | | |
|---|---------------------|------------------------------|-------------------|
| | General Fund | Special Revenue Funds | |
| | | Library Operations | Measure A |
| REVENUES | | | |
| Taxes and assessments | \$ 7,144,460 | \$ 175,952 | \$ 367,765 |
| Licenses and permits | 792,534 | - | - |
| Fines and forfeitures | 16,973 | - | - |
| Intergovernmental | 2,330,128 | - | - |
| Use of money and property | (342,794) | - | 1,983 |
| Charges for service | 816,711 | - | - |
| Other revenues | 48,516 | - | - |
| Total revenues | 10,806,528 | 175,952 | 369,748 |
| EXPENDITURES | | | |
| Current: | | | |
| Town Council | 81,045 | - | - |
| Administration and Finance | 1,693,843 | - | - |
| Planning Department | 1,198,981 | - | - |
| Buildings and Grounds | 225,449 | - | - |
| Town-wide Overhead | 431,213 | - | - |
| Safety Services | 3,244,702 | - | - |
| Trails and Stables | 88,248 | - | - |
| Barkley Fields | 301,914 | - | - |
| Library Services | - | 148,825 | - |
| Public Works | 1,699,445 | - | 200,347 |
| Recreation and Open Space | 14,706 | - | - |
| Capital outlay | 156,497 | - | - |
| Total expenditures | 9,136,043 | 148,825 | 200,347 |
| REVENUES OVER (UNDER) EXPENDITURES | 1,670,485 | 27,127 | 169,401 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in (Note 8) | 375,000 | - | - |
| Transfers out (Note 8) | (2,415,414) | (26,500) | (149,202) |
| Total other financing sources (uses) | (2,040,414) | (26,500) | (149,202) |
| Net change in fund balances | (369,929) | 627 | 20,199 |
| FUND BALANCES: | | | |
| Beginning of year | 10,352,948 | (2,379) | 642,988 |
| End of year | \$ 9,983,019 | \$ (1,752) | \$ 663,187 |

The accompanying notes are an integral part of these financial statements

| Capital Projects Fund | Nonmajor Governmental Funds | Totals |
|--------------------------------------|--|----------------------|
| \$ - | \$ 397,343 | \$ 8,085,520 |
| - | - | 792,534 |
| - | 110,596 | 127,569 |
| - | 161,285 | 2,491,413 |
| - | 2,319 | (338,492) |
| 2,250 | 410,354 | 1,229,315 |
| - | 20,279 | 68,795 |
| <u>2,250</u> | <u>1,102,176</u> | <u>12,456,654</u> |
| - | - | 81,045 |
| - | - | 1,693,843 |
| - | - | 1,198,981 |
| - | - | 225,449 |
| - | - | 431,213 |
| - | 175,000 | 3,419,702 |
| - | - | 88,248 |
| - | - | 301,914 |
| - | - | 148,825 |
| - | 413,345 | 2,313,137 |
| - | - | 14,706 |
| <u>3,033,930</u> | <u>-</u> | <u>3,190,427</u> |
| <u>3,033,930</u> | <u>588,345</u> | <u>13,107,490</u> |
| <u>(3,031,680)</u> | <u>513,831</u> | <u>(650,836)</u> |
| 2,996,733 | - | 3,371,733 |
| - | (722,117) | (3,313,233) |
| <u>2,996,733</u> | <u>(722,117)</u> | <u>58,500</u> |
| (34,947) | (208,286) | (592,336) |
| <u>(313,037)</u> | <u>1,000,757</u> | <u>11,681,277</u> |
| <u>\$ (347,984)</u> | <u>\$ 792,471</u> | <u>\$ 11,088,941</u> |

Town of Woodside
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, 2022

| | | |
|---|-----------|------------------|
| Net change in fund balances - total governmental funds | \$ | (592,336) |
|---|-----------|------------------|

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 outlay and other capitalized expenditures | \$ 299,474 | | |
| Depreciation expense | <u>(240,316)</u> | | 59,158 |

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

| | | | |
|--|---------------|--|------------------|
| Change in compensated absences (total) | 46,892 | | |
| Change in net pension liability | (350,740) | | |
| Change in net OPEB liability | <u>83,123</u> | | <u>(220,725)</u> |

| | | |
|--|-----------|-------------------------|
| Change in net position of governmental activities | \$ | <u>(753,903)</u> |
|--|-----------|-------------------------|

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

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

Town of Woodside

**Reconciliation of Governmental Fund Basis Statements to Government-wide Statement of Activities
For the year ended June 30, 2022**

| | Fund Based Expenditures Totals | Compensated Absences | Depreciation | Capital Asset (Additions), Retirements & Adjustments | (a) OPEB Expense | (b) Pension Plan | Government- wide Expenses Totals |
|--------------------------------------|---|---------------------------------|---------------------|---|---------------------------------|---------------------------------|---|
| Governmental activities: | | | | | | | |
| Town Council | \$ 81,045 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 81,045 |
| Administration and Finance | 1,693,843 | (46,892) | - | - | (83,123) | 350,740 | 1,914,568 |
| Planning Department | 1,198,981 | - | 911 | - | - | - | 1,199,892 |
| Buildings and Grounds | 225,449 | - | 50,743 | - | - | - | 276,192 |
| Town-wide Overhead | 431,213 | - | 6,978 | - | - | - | 438,191 |
| Safety Services | 3,419,702 | - | 2,113 | - | - | - | 3,421,815 |
| Trails and Stables | 88,248 | - | - | - | - | - | 88,248 |
| Barkley Fields | 301,914 | - | 71,665 | - | - | - | 373,579 |
| Library Services | 148,825 | - | 45,769 | - | - | - | 194,594 |
| Public Works | 2,313,137 | - | 9,389 | 2,943,701 | - | - | 5,266,227 |
| Recreation and Open Space | 14,706 | - | - | - | - | - | 14,706 |
| Capital outlay | 3,190,427 | - | - | (3,190,427) | - | - | - |
| Total governmental activities | \$ 13,107,490 | \$ (46,892) | \$ 187,568 | \$ (246,726) | \$ (83,123) | \$ 350,740 | \$ 13,269,057 |

The accompanying notes are an integral part of these financial statements

- (a) For the year ended June 30, 2022 the Town recognized \$43,375 in total OPEB expense with the difference between the amount shown above of \$(83,123) in Administration and Finance expense line and the remaining amount of \$126,498 representing the Employer contribution made subsequent to the measurement date (Note 11)
- (b) For the year ended June 30, 2022 the Town recognized \$954,011 in total pension expense with the difference between the amount shown above \$350,740 in the Administration and Finance expense line and the remaining amount of \$590,923 representing the Pension contribution made subsequent to the measurement date (Note 10)

Town of Woodside
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2022

| | General Fund | | | |
|---|---------------------|---------------------|---------------------|--|
| | Budgeted Amounts | | Actual | Variance w/Final Positive (Negative) |
| | Original | Final | | |
| REVENUES | | | | |
| Taxes and assessments | \$ 6,306,450 | \$ 6,306,450 | \$ 7,144,460 | \$ 838,010 |
| Licenses and permits | 793,000 | 793,000 | 792,534 | (466) |
| Fines and forfeitures | 17,000 | 17,000 | 16,973 | (27) |
| Intergovernmental | 689,000 | 1,349,745 | 2,330,128 | 980,383 |
| Use of money and property | 44,500 | 44,500 | (342,794) | (387,294) |
| Charges for services | 980,950 | 980,950 | 816,711 | (164,239) |
| Other revenues | 33,750 | 33,750 | 48,516 | 14,766 |
| Total revenues | <u>8,864,650</u> | <u>9,525,395</u> | <u>10,806,528</u> | <u>1,281,133</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Town Council | 145,500 | 145,500 | 81,045 | 64,455 |
| Administration and Finance | 1,535,420 | 1,535,420 | 1,693,843 | (158,423) |
| Planning Department | 1,225,572 | 1,225,572 | 1,198,981 | 26,591 |
| Buildings and Grounds | 185,350 | 185,350 | 225,449 | (40,099) |
| Town-wide Overhead | 672,500 | 672,500 | 431,213 | 241,287 |
| Safety Services | 3,847,732 | 3,847,732 | 3,244,702 | 603,030 |
| Trails and Stables | 116,525 | 116,525 | 88,248 | 28,277 |
| Barkley Fields | 239,835 | 242,335 | 301,914 | (59,579) |
| Library Services | - | - | - | - |
| Public Works | 1,737,700 | 1,737,700 | 1,699,445 | 38,255 |
| Recreation and Open Space | 70,000 | 70,000 | 14,706 | 55,294 |
| Capital outlay | - | - | 156,497 | (156,497) |
| Total expenditures | <u>9,776,134</u> | <u>9,778,634</u> | <u>9,136,043</u> | <u>642,591</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(911,484)</u> | <u>(253,239)</u> | <u>1,670,485</u> | <u>1,923,724</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | 375,000 | 375,000 | - |
| Transfers (out) | - | (2,543,396) | (2,415,414) | 127,982 |
| Total other financing sources (uses) | <u>-</u> | <u>(2,168,396)</u> | <u>(2,040,414)</u> | <u>127,982</u> |
| Net change in fund balances | <u>(911,484)</u> | <u>(2,421,635)</u> | <u>(369,929)</u> | <u>2,051,706</u> |
| FUND BALANCE: | | | | |
| Beginning of year | 10,352,948 | 10,352,948 | 10,352,948 | - |
| End of year | <u>\$ 9,441,464</u> | <u>\$ 7,931,313</u> | <u>\$ 9,983,019</u> | <u>\$ 2,051,706</u> |

The accompanying notes are an integral part of these financial statements

| Library Operations | | | | Measure A | | | |
|--------------------|------------|------------|--|------------------|------------|------------|--|
| Budgeted Amounts | | Actual | Variance w/Final Positive (Negative) | Budgeted Amounts | | Actual | Variance w/Final Positive (Negative) |
| Original | Final | | | Original | Final | | |
| \$ 201,000 | \$ 201,000 | \$ 175,952 | \$ (25,048) | \$ 345,000 | \$ 345,000 | \$ 367,765 | \$ 22,765 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 2,650 | 2,650 | 1,983 | (667) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 201,000 | 201,000 | 175,952 | (25,048) | 347,650 | 347,650 | 369,748 | 22,098 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 86,540 | 148,825 | (62,285) | - | - | - | - |
| - | - | - | - | 201,205 | 201,205 | 200,347 | 858 |
| - | - | - | - | - | - | - | - |
| - | 8,000 | - | 8,000 | - | - | - | - |
| - | 94,540 | 148,825 | (54,285) | 201,205 | 201,205 | 200,347 | 858 |
| 201,000 | 106,460 | 27,127 | (79,333) | 146,445 | 146,445 | 169,401 | 22,956 |
| - | - | - | - | - | - | - | - |
| (76,500) | (76,500) | (26,500) | 50,000 | (191,000) | (191,000) | (149,202) | 41,798 |
| (76,500) | (76,500) | (26,500) | 50,000 | (191,000) | (191,000) | (149,202) | 41,798 |
| 124,500 | 29,960 | 627 | (29,333) | (44,555) | (44,555) | 20,199 | 64,754 |
| (2,379) | (2,379) | (2,379) | - | 642,988 | 642,988 | 642,988 | - |
| \$ 122,121 | \$ 27,581 | \$ (1,752) | \$ (29,333) | \$ 598,433 | \$ 598,433 | \$ 663,187 | \$ 64,754 |

The accompanying notes are an integral part of these financial statements

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PROPRIETARY FUNDS

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

All of the Town's Enterprise Funds have been identified as major proprietary funds.

| Fund | Description |
|-----------------------|--|
| MAJOR FUNDS: | |
| Redwood Creek Sewer | 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. |
| Cañada Corridor Sewer | Accounts for the operation and maintenance of services provided by the Cañada Corridor Sanitary Sewer Area. |

Town of Woodside
Statement of Net Position
Enterprise Funds
June 30, 2022

| | <u>Redwood Creek Sewer</u> | <u>Sewer Utility</u> | <u>Cañada Corridor Sewer</u> | <u>Totals</u> |
|--|--------------------------------|--------------------------|----------------------------------|---------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash and investments | \$ 258,354 | \$ 552,587 | \$ 122,302 | \$ 933,243 |
| Receivables: | | | | |
| Accounts | - | 6,587 | 785 | 7,372 |
| Interest | 359 | 1,006 | 179 | 1,544 |
| Total current assets | <u>258,713</u> | <u>560,180</u> | <u>123,266</u> | <u>942,159</u> |
| Noncurrent assets: | | | | |
| Capital assets, net | - | 1,104,509 | 192,120 | 1,296,629 |
| Total assets | <u>258,713</u> | <u>1,664,689</u> | <u>315,386</u> | <u>2,238,788</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension Plan | 10,713 | 13,234 | - | 23,947 |
| Total assets and deferred outflows of resources | <u>\$ 269,426</u> | <u>\$ 1,677,923</u> | <u>\$ 315,386</u> | <u>\$ 2,262,735</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ 27,630 | \$ - | \$ 27,630 |
| Total current liabilities | <u>-</u> | <u>27,630</u> | <u>-</u> | <u>27,630</u> |
| Noncurrent Liabilities: | | | | |
| Advance from other funds | - | 351,209 | - | 351,209 |
| Net pension liability | 27,021 | 76,438 | - | 103,459 |
| Note payable | - | 29,500 | - | 29,500 |
| Total Liabilities | <u>27,021</u> | <u>484,777</u> | <u>-</u> | <u>511,798</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Plan | 8,921 | 6,174 | - | 15,095 |
| Total deferred inflows of resources | <u>8,921</u> | <u>6,174</u> | <u>-</u> | <u>15,095</u> |
| Net Position | | | | |
| Net investment in capital assets | - | 1,104,509 | 192,120 | 1,296,629 |
| Restricted for capital projects | - | - | - | - |
| Unrestricted | 233,484 | 82,463 | 123,266 | 439,213 |
| Total Net Position | <u>233,484</u> | <u>1,186,972</u> | <u>315,386</u> | <u>1,735,842</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 269,426</u> | <u>\$ 1,677,923</u> | <u>\$ 315,386</u> | <u>\$ 2,262,735</u> |

The accompanying notes are an integral part of these financial statements

Town of Woodside
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the year ended June 30, 2022

| | Redwood Creek Sewer | Sewer Utility | Cañada Corridor Sewer | Totals |
|--|--------------------------------|--------------------------|--------------------------------------|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 28,500 | \$ 557,137 | \$ 42,352 | \$ 627,989 |
| Other | - | 58,412 | - | 58,412 |
| Total operating revenues | 28,500 | 615,549 | 42,352 | 686,401 |
| OPERATING EXPENSES | | | | |
| Salaries and benefits | - | 59,748 | - | 59,748 |
| Professional services | - | 256,561 | 22,451 | 279,012 |
| Materials and supplies | - | 10,332 | - | 10,332 |
| Depreciation | - | 43,473 | 16,010 | 59,483 |
| Total operating expenses | - | 370,114 | 38,461 | 408,575 |
| OPERATING INCOME(LOSS) | 28,500 | 245,435 | 3,891 | 277,826 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest revenue | 703 | 1,679 | 326 | 2,708 |
| Interest expense | - | (11,104) | - | (11,104) |
| Total non-operating revenues, net | 703 | (9,425) | 326 | (8,396) |
| NET INCOME BEFORE TRANSFERS | 29,203 | 236,010 | 4,217 | 269,430 |
| Transfers out (Note 8) | - | (55,000) | (3,500) | (58,500) |
| Total transfers | - | (55,000) | (3,500) | (58,500) |
| CHANGE IN NET POSITION | 29,203 | 181,010 | 717 | 210,930 |
| NET POSITION: | | | | |
| Beginning of year | 204,281 | 1,005,962 | 314,669 | 1,524,912 |
| End of year | <u>\$ 233,484</u> | <u>\$ 1,186,972</u> | <u>\$ 315,386</u> | <u>\$ 1,735,842</u> |

The accompanying notes are an integral part of these financial statements

Town of Woodside
Statement of Cash Flows
Enterprise Funds
For the year ended June 30, 2022

| | <u>Redwood Creek Sewer</u> | <u>Sewer Utility</u> | <u>Cañada Corridor Sewer</u> | <u>Totals</u> |
|---|--------------------------------|--------------------------|--------------------------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received (refunds paid) from (to) customers/users for services provided | \$ 28,280 | \$ 639,971 | \$ 41,454 | \$ 709,705 |
| Cash payments to suppliers for goods and services | - | (245,773) | (22,451) | (268,224) |
| Cash payments to employees for services | - | (59,748) | - | (59,748) |
| Net cash provided by operating activities | <u>28,280</u> | <u>334,450</u> | <u>19,003</u> | <u>381,733</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Loan received (paid) | - | (5,900) | - | (5,900) |
| Advance received (paid) | - | (88,994) | - | (88,994) |
| Transfers received (paid) | - | (55,000) | (3,500) | (58,500) |
| Net cash used by noncapital financing activities | <u>-</u> | <u>(149,894)</u> | <u>(3,500)</u> | <u>(153,394)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest paid | - | (11,104) | - | (11,104) |
| Investment income received | 703 | 1,679 | 326 | 2,708 |
| Net cash provided by investing activities | <u>703</u> | <u>(9,425)</u> | <u>326</u> | <u>(8,396)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>28,983</u> | <u>175,131</u> | <u>15,829</u> | <u>219,943</u> |
| CASH AND CASH EQUIVALENTS: | | | | |
| Beginning of year | 229,371 | 377,456 | 106,473 | 713,300 |
| End of year | <u>\$ 258,354</u> | <u>\$ 552,587</u> | <u>\$ 122,302</u> | <u>\$ 933,243</u> |
| Reconciliation of income from operations to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 28,500 | \$ 245,435 | \$ 3,891 | \$ 277,826 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | - | 43,473 | 16,010 | 59,483 |
| Pension expense | - | 12,348 | - | 12,348 |
| (Increase) decrease in current assets: | | | | |
| Accounts receivable | - | 25,111 | (785) | 24,326 |
| Interest receivable | (220) | (689) | (113) | (1,022) |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable and accrued liabilities | - | 8,772 | - | 8,772 |
| Net cash provided by operating activities | <u>\$ 28,280</u> | <u>\$ 334,450</u> | <u>\$ 19,003</u> | <u>\$ 381,733</u> |

The accompanying notes are an integral part of these financial statements

FIDUCIARY FUND

The Town's only fiduciary fund is the custodial fund, which account for assets held by the Town as an agent for individuals, other governments and non-public organizations.

| <u>Fund Type</u> | <u>Description</u> |
|---|--|
| 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. |

Town of Woodside
Fiduciary Funds
Statement of Net Position
June 30, 2022

| | <u>Custodial Fund</u> |
|---------------------------------|---|
| | 1999 Woodside Road/Whiskey Hill Road Parking District |
| | <u>223,054</u> |
| ASSETS | |
| Cash and investments | \$ 107,921 |
| Receivables: | |
| Interest | 133 |
| Special assessments | <u>115,000</u> |
| Total assets | <u>223,054</u> |
| NET POSITION: | |
| Restricted for Parking District | <u>223,054</u> |
| Total Net Position | <u><u>\$ 223,054</u></u> |

See accompanying notes to financial statements

Town of Woodside
Fiduciary Funds
Statement of Changes in Net Position
For the Year Ended June 30, 2022

| | <u>Custodial Fund</u> |
|---|---|
| | 1999 Woodside Road/Whiskey Hill Road Parking District |
| ADDITIONS | |
| Members contributions | \$ 3,500 |
| Investment earnings | 70 |
| Total Additions | <u>3,570</u> |
| DEDUCTIONS | |
| Debt services payments | <u>39,812</u> |
| Total Deductions | <u>39,812</u> |
| Net increase(decrease) in fiduciary net position | (36,242) |
| Net Position - Beginning of the Year | 259,296 |
| Net Position - End of the Year | <u><u>\$ 223,054</u></u> |

See accompanying notes to financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

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**Town of Woodside
 Basic Financial Statements
 For the year ended June 30, 2022**

Index to Notes to Basic Financial Statement

| | <u>Page</u> |
|--|-------------|
| Note 1 – Summary of Significant Accounting Policies | 55 |
| Financial Reporting Entity | 55 |
| Basis of Presentation | 56 |
| Measurement Focus | 58 |
| Basis of Accounting | 58 |
| Assets, Liabilities, and Equity | 59 |
| Revenues, Expenditures, and Expenses | 63 |
| Budgetary Accounting | 64 |
| Note 2 – Cash and Investments | 65 |
| Note 3 – Accounts Receivable | 69 |
| Note 4 – Capital Assets | 70 |
| Note 5 – Accounts Payable and Accrued Liabilities | 71 |
| Note 6 – Long-term Liabilities | 71 |
| Note 7 – Net Position/ Fund Balances | 72 |
| Note 8 – Interfund Transactions | 75 |
| Note 9 – Risk Management | 75 |
| Note 10 – Public Employees’ Retirement System | 76 |
| Note 11 – Other Post-Employment Benefits (OPEB) | 82 |
| Note 12 – Commitments and Contingencies | 86 |
| Note 13 – Joint Powers Agreement | 86 |
| Note 14 – New Accounting Pronouncements | 86 |

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Town of Woodside
Notes to Basic Financial Statements
For the year ended June 30, 2022

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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.

The Town reports the following major funds:

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

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

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

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, or committed to expenditures for particular purposes.

Capital Projects Fund

The Capital Projects Fund accounts for multi-year capital improvement projects including bridges, road repair/replacement and trail and pedestrian improvements.

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.

Fiduciary Funds

Custodial Funds

Custodial Funds account for assets held by the Town in a purely custodial capacity. Since custodial 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. The town has only one custodial fund, which 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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Presentation, Continued

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.

Custodial 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.

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 custodial 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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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 receivables are collectible; therefore, an allowance for doubtful accounts is unnecessary.

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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 | 50 years |
| Building improvements | 10-20 years |
| Machinery and equipment | 5-20 years |
| Sewer Pump & Collection Systems | 30 years |

Leases

As clarified by the Government Accounting Standards Board (GASB) Statement No. 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The Town recognizes lease receivables or liabilities with an initial, individual value of \$50,000 or more, based on the future lease payments remaining at the start of the lease.

The Town has no leases subject to GASB#87 for the fiscal year 2022.

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 government-wide statements.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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 activities. 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. Conversely, PTO (paid time off) rolls from one calendar year to the next until it is used or paid out to staff who leave the service of the Town of Woodside.

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.

Refer to Notes 10 and 11 for more information on pension and OPEB benefit plans.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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.

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

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Interfund Transfers

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

Budgetary Accounting

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

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

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2022. 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.

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, 2020 |
| Measurement Date | June 30, 2021 |
| Measurement Period | July 1, 2020 to June 30, 2021 |
| Fiscal Year End | June 30, 2022 |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS

Investments Authorized:

The Town's Investment Policy and the California Government Code allow the Town to invest in the following, provided the credit ratings of the issuers are acceptable to the Town, and approved percentages and maturities are not exceeded:

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment In One Issuer</u> |
|---|-------------------------|--|---|
| California Local Agency Investment Fund | N/A | None | \$50 million |
| US Government Agency Issues | N/A | 80% | None |
| Negotiable Certificates of Deposits | N/A | 30% | None |
| Mutual funds | Upon Demand | 20% | 10% |

At June 30, 2022, the Town's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

| | <u>Fair Value</u> |
|---|-----------------------------|
| <u>Cash and investments:</u> | |
| Pooled cash, at fair value | |
| Cash in bank | \$ 520,390 |
| Petty Cash | 600 |
| Total cash in hand | <u>520,990</u> |
| State of California Local Agency Investment Fund (LAIF) | <u>9,101,774</u> |
| Subtotal cash and investments | <u>9,622,764</u> |
| <u>Restricted cash and investments</u> | |
| PARS Trust Pension Investment Fund | <u>2,157,749</u> |
| Subtotal restricted cash and investments | <u>2,157,749</u> |
| Total Cash and Investments | <u>\$ 11,780,513</u> |
| <u>Amounts reported in:</u> | |
| Governmental activities | \$ 10,739,349 |
| Business-type activities | 933,243 |
| Fiduciary activities | <u>107,921</u> |
| Total Cash and Investments | <u>\$ 11,780,513</u> |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

Investment in California State Local Agency Investment Fund (LAIF):

The LAIF is a special fund of the California State Treasury through which local governments can pool investment funds. The Local Investment Advisory Board has oversight responsibility for the LAIF and the Board consists of five members as designated by State statute. LAIF is stated at amortized cost, which approximates fair value.

As of June 30, 2022, the total fair value amount invested by all public agencies in LAIF is \$234.5 million, with the Town's pro-rata share of the fair value investment amount is \$9.1 million.

As of June 30, 2022, the reported LAIF portfolio investment allocation is as follows; 0.35% is in loans, 0.21% in corporate bonds, 4.91% in commercial paper, 1.90% in time deposits, 5.71% in certificates of deposits and bank notes, 18.90% in government agencies and 68.02% in U.S. Treasuries. At June 30, 2022, the average investment maturity for the LAIF is 311 days, with an average annual investment yield of 0.37%.

In fiscal year 2022, the Town earned \$31,990 in income from its' investments in the LAIF, with the quarterly annual yields ranging from a low of 0.24% in the first quarter to a high of 0.75% in the fourth quarter of fiscal 2022. The investment in the LAIF is subject to market risk due to interest rate changes, credit risks and overall market price fluctuations.

Public Agency Retirement Services (PARS) Trust Pension Investment Fund:

In fiscal year 2020, the Town Council elected to participate in the Public Agency Retirement Services (PARS) pension rate stabilization program, an IRC Section 115 irrevocable trust to set aside money to prefund rising pension costs and address pension obligations. PARS is a non-governmental organization that offers retirement services designed for public agencies, primarily in the State of California.

Participating government agencies maintain oversight of investment management and control over the risk tolerance level of the portfolio. Assets held in the PARS Trust allow for greater investment flexibility and risk diversification compared to a government agencies general fund investments. The Town Council elected to invest money through the PARS Trust, in partnership with High Mark Capital Management in High Mark Capitals Capital Appreciation Portfolio Index Plus Fund. High Mark Capital Management, Inc., is an SEC registered investment adviser and a wholly-owned subsidiary of Union Bank and manages institutional separate account portfolios for a wide range of for-profit and nonprofit organizations. The High Mark Capital Appreciation Portfolio Index Plus Fund is a fund of diversified funds designed to balance return expectations with risk tolerance with a primary objective being growth of principal. Key features include sophisticated asset allocation and optimization (asset classes, style manager and security). The target asset allocations for this Fund are as follows:

| Asset Allocation-Capital Appreciation Portfolio Index Plus Fund | |
|---|-----------------|
| | Strategic Range |
| Equity | 65-85% |
| Fixed Income | 10-30% |
| Cash | 0-20% |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

At June 30, 2022, the Town’s \$2.1 million PARS Investment (High Mark Capital Appreciation Index Plus) asset allocation was \$1.5 million or 70.2% in equity securities (i.e. international and domestic large cap, mid and small cap companies), \$427K or 19.9% in fixed income securities (i.e. intermediate and short term bonds), \$50K or 2% in real assets and \$170K or 7.92% in cash equivalents.

Equity and fixed income securities held in the PARS Investment account are measured at fair value (i.e. market value) at the end of each fiscal period with any net increase or decrease recorded in current period income along with any realized net gains or losses. During fiscal year 2022 the PARS Investment had a net decline in market value which resulted in a net loss of \$331,344, or 12.78%. By comparison, in fiscal year 2021 the PARS Investment had a net increase in market value which resulted in a net gain of \$558,087.

As of June 30, 2022 the fair value of the PARS Investment related to the pension plan was approximately \$2.1 million, which represents approximately 90% of the Town's estimated unfunded pension liability as of June 30, 2022. Please note that the net pension liability is determined by an outside actuary and is based on various assumptions including projected plan asset earnings. These amounts could differ from actual earnings in future periods, which could impact the future pension liability for the Town.

The Town Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances and objectives of the Town.

Interest Rate Risk and Market Risks

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates will be. The Town’s investments in the LAIF are heavily weighted toward interest rate financial instruments and to a much lesser extent the PARS Trust Pension Investment Fund, which are primarily invested in equities.

The Town’s investments in the LAIF and the PARS Trust Pension Fund are also subject to market risk. Market risk is the risk of losses on financial investments caused by adverse price movements caused by changes in equity prices, credit risks, foreign exchange fluctuations or interest rate changes. Our investment in the PARS Trust Pension Investment (High Mark Capital Appreciation Index Plus) Fund is subject to market risk due to changes in interest rates, credit risk, foreign currency prices and overall market price fluctuations. Investments employing High Mark strategies are not insured by the FDIC or any Federal or State government agency and may lose value including loss of principal.

Information on the fair values of the Town’s investments at June 30, 2022, is provided by the following table:

| | <u>12 months or less</u> |
|---|--------------------------|
| State of California Local Agency Investment Fund (LAIF) | \$ 9,101,774 (a) |
| PARS Trust Pension Investment Fund | <u>2,157,749 (b)</u> |
| Total investments | <u>\$ 11,259,523</u> |

(a) At June 30, 2022, the average investment maturity for the LAIF is 311 days, or approximately 10.2 months.

(b) At June 30, 2022, \$438,023 was invested in fixed income securities, the maturity of which is unknown.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

Credit Risk

Credit Risk is the risk that an issuer will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Town's investments in both LAIF and the PARS Trusts are all pooled investments and not rated:

| | <u>Not Rated</u> |
|--|----------------------|
| State of California Local Agency Investment Fund | \$ 9,101,774 |
| PARS Trust Pension Investment Fund | 2,157,749 |
| Total investments | <u>\$ 11,259,523</u> |

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), certificates of deposit in California financial institutions, government agency issues and money market mutual funds.

| | <u>Interest Rate</u> | <u>Interest Earned</u> | <u>Yield To Date</u> |
|-------------------------------|----------------------|------------------------|----------------------|
| First Quarter (7/1 - 9/30) | 0.24% | \$ 5,398 | \$ 5,398 |
| Second Quarter (10/1 - 12/31) | 0.23% | 3,927 | 9,325 |
| Third Quarter (1/1 - 3/31) | 0.32% | 5,834 | 15,159 |
| Fourth Quarter (4/1 - 6/30) | 0.75% | 16,831 | 31,990 |

Concentration of credit risk

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. Following the statutes, 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, other than U. S. Treasury securities, mutual funds and the California Local Agency Investment Fund (LAIF). As of June 30, 2022, there were no concentrations in any one issuer for the year in excess of five percent of the Town's total investment.

The Town participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF). LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. Our investment in PARS Trust Pension Investment Fund are not insured by the FDIC or any Federal or State government agency or collateralized by the State of California,

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

2. CASH AND INVESTMENTS, Continued

Custodial credit risk (Deposits and Investments)

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. At June 30, 2022, the Town had balances in the financial institutions of \$696,962, with a book balance of cash in bank of \$520,390. Of the balance in the financial institutions, the amount within \$250,000 was covered by federal depository insurance. The portion exceeding the federal depository insurance of \$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.

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. 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.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

| | Governmental Activities(SNP) | Business-type Activities | Fiduciary Activities | Total |
|---------------------------|---------------------------------|-----------------------------|-------------------------|---------------------|
| Accounts | \$ 191,878 | \$ 7,372 | \$ - | \$ 199,250 |
| Interest | 15,232 | 1,544 | 133 | 16,909 |
| Intergovernmental | 61,692 | - | - | 61,692 |
| Taxes | 804,159 | - | - | 804,159 |
| Other | 18,986 | - | 115,000 | 133,986 |
| Total accounts receivable | <u>\$ 1,091,947</u> | <u>\$ 8,916</u> | <u>\$ 115,133</u> | <u>\$ 1,215,996</u> |

These amounts resulted in the following concentrations in receivables:

| | |
|--------------------------|-------|
| Other Governments | 82.2% |
| Individuals / Businesses | 16.4% |
| Financial | 1.4% |

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

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

4. CAPITAL ASSETS

Capital asset of Governmental activities for the year ended June 30, 2022, was as follows:

| | Balance June 30, 2021 | Additions | Deletions/ Adjustments | Balance June 30, 2022 |
|--|--------------------------|------------------|---------------------------|--------------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 9,468,373 | \$ - | \$ - | \$ 9,468,373 |
| Total capital assets not being depreciated | <u>9,468,373</u> | <u>-</u> | <u>-</u> | <u>9,468,373</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 9,972,505 | 108,826 | - | 10,081,331 |
| Machinery and equipment | <u>1,011,764</u> | <u>190,648</u> | <u>(52,748)</u> | <u>1,149,664</u> |
| Total capital assets being depreciated | <u>10,984,269</u> | <u>299,474</u> | <u>(52,748)</u> | <u>11,230,995</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (2,965,680) | (215,473) | - | (3,181,153) |
| Machinery and equipment | <u>(789,783)</u> | <u>(24,843)</u> | <u>52,748</u> | <u>(761,878)</u> |
| Total accumulated depreciation | <u>(3,755,463)</u> | <u>(240,316)</u> | <u>52,748</u> | <u>(3,943,031)</u> |
| Total depreciable assets, net | <u>7,228,806</u> | <u>59,158</u> | <u>-</u> | <u>7,287,964</u> |
| Capital assets, net | <u>\$ 16,697,179</u> | <u>\$ 59,158</u> | <u>\$ -</u> | <u>\$ 16,756,337</u> |

Capital asset of Business type activities for the year ended June 30, 2022, was as follows:

| | Balance June 30, 2021 | Additions | Balance June 30, 2022 |
|--|--------------------------|--------------------|--------------------------|
| Business-type Activities | | | |
| Capital assets being depreciated: | | | |
| Buildings and improvements | \$ 141,706 | \$ - | \$ 141,706 |
| Pumps and collections system | <u>4,030,667</u> | <u>-</u> | <u>4,030,667</u> |
| Total capital assets being depreciated | <u>4,172,373</u> | <u>-</u> | <u>4,172,373</u> |
| Less accumulated depreciation for: | | | |
| Buildings and improvements | (141,706) | - | (141,706) |
| Pumps and collections system | <u>(2,674,555)</u> | <u>(59,483)</u> | <u>(2,734,038)</u> |
| Total accumulated depreciation | <u>(2,816,261)</u> | <u>(59,483)</u> | <u>(2,875,744)</u> |
| Total depreciable assets, net | <u>1,356,112</u> | <u>(59,483)</u> | <u>1,296,629</u> |
| Capital assets, net | <u>\$ 1,356,112</u> | <u>\$ (59,483)</u> | <u>\$ 1,296,629</u> |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

4. CAPITAL ASSETS, Continued

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

| | | |
|---------------------------------|----|----------------|
| Governmental Activities | | |
| Planning Department | \$ | 1,167 |
| Buildings and Grounds | | 65,013 |
| Town-wide Overhead | | 8,940 |
| Safety Services | | 2,707 |
| Barkley Fields | | 91,819 |
| Library Services | | 58,640 |
| Public Works | | 12,030 |
| | | <u>12,030</u> |
| Total Governmental Activities | \$ | <u>240,316</u> |
| Business-type Activities | | |
| Town center pump sewer | \$ | 43,473 |
| Canada Corridor sewer | | 16,010 |
| | | <u>16,010</u> |
| Total Business-type Activities | \$ | <u>59,483</u> |

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2022:

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| Accounts payable and accrued liabilities | \$ 385,352 | \$ 27,630 | \$ 412,982 |
| Deposits payable | 708,212 | - | 708,212 |
| Total | <u>\$ 1,093,564</u> | <u>\$ 27,630</u> | <u>\$ 1,121,194</u> |

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

6. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2022:

| | Balance 7/1/2021 | Net Change | Balance 6/30/2022 | Due Within One year |
|------------------------------|---------------------|-----------------------|----------------------|------------------------|
| Compensated Absences | \$ 525,635 | \$ (46,892) | \$ 478,743 | \$ 47,874 |
| Net OPEB Liability | 1,105,763 | (482,117) | 623,646 | - |
| Net Pension Liability | 4,135,509 | (1,739,832) | 2,395,677 | - |
| Total noncurrent liabilities | <u>\$ 5,766,907</u> | <u>\$ (2,268,841)</u> | <u>\$ 3,498,066</u> | <u>\$ 47,874</u> |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

6. LONG-TERM LIABILITIES, Continued

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 Liability

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. See Note 11 for further discussion on OPEB.

Net Pension Liability

A net pension liability is the Town's actuarial determined projection of the Town's long-term share of the two CalPERS pools the Town belongs to. See Note 10 for further discussion on the net pension liability.

7. NET POSITION/ FUND BALANCES

Net Position

| | Governmental Activities | Business-type Activities |
|----------------------------------|----------------------------|-----------------------------|
| Net investment in capital assets | \$ 16,756,337 | \$ 1,296,629 |
| Restricted | 3,263,671 | - |
| Unrestricted | 2,937,304 | 439,213 |
| Total | <u>\$ 22,957,312</u> | <u>\$ 1,735,842</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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

7. NET POSITION/ FUND BALANCES, Continued

Fund Balance

Restricted and Unassigned fund balance consisted of the following at June 30, 2022:

| | |
|--|----------------------|
| Nonspendable: | |
| Major funds | |
| General Fund | \$ 351,209 |
| Total Nonspendable: | <u>\$ 351,209</u> |
| Restricted: | |
| Major Funds: | |
| General Fund | \$ 2,157,749 |
| Measure A | 663,187 |
| Total Major Funds-Restricted | <u>2,820,936</u> |
| Nonmajor Funds: | |
| Traffic Safety | 221,984 |
| Road Impact Fees | 388,254 |
| Gas Tax | 53,258 |
| Supplemental Law Enforcement Service | 57,363 |
| California Law Enforcement Equipment Program | 2,806 |
| Measure W | 68,806 |
| Total Nonmajor Funds-Restricted | <u>792,471</u> |
| Total Restricted | <u>\$ 3,613,407</u> |
| Unassigned (deficit): | |
| Major Funds: | |
| General Fund | \$ 7,474,061 |
| Library Operations | (1,752) |
| Capital Projects | (347,984) |
| Total Major Funds-Unassigned | <u>7,124,325</u> |
| Total Fund Balance | <u>\$ 11,088,941</u> |

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

Restricted

- **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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

7. NET POSITION/ FUND BALANCES, Continued

- **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.
- **Measure W** – represents amounts restricted for the Town’s share of a one-half cent sales tax revenue for road repairs and construction.

Deficit fund balances consisted of the following at June 30, 2022:

Library Operations – (\$1,752) – This fund represents revenues and expenditures derived from the Town's membership in the San Mateo County Library System Joint Powers Authority (JPA).

Capital Projects – (\$265,825) – This fund represents all the expenses for budgeted capital projects. Transfers in are made on a quarterly basis for the purpose of bringing the fund balance close to zero.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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, 2022:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|--|---------------------|---------------------|
| <u>Governmental Activities</u> | | |
| Major Funds: | | |
| General Fund | \$ 375,000 | \$ 2,415,414 |
| Library Operations | - | 26,500 |
| Measure A | - | 149,202 |
| Capital Projects | 2,996,733 | - |
| Total Major Funds | <u>3,371,733</u> | <u>2,591,116</u> |
| Non-major Funds: | | |
| Special Revenue Funds: | | |
| Road Impact Fees | - | 457,371 |
| Measure W | - | 110,746 |
| Gas Tax | - | 154,000 |
| Total Non-major Special Revenue Funds | <u>-</u> | <u>722,117</u> |
| Total Non-major Funds | <u>-</u> | <u>722,117</u> |
| Total Governmental Activities | <u>3,371,733</u> | <u>3,313,233</u> |
| <u>Business-type Activities</u> | | |
| Sewer Utility | - | 55,000 |
| Canada Corridor Sewer | - | 3,500 |
| Total Business-type Activities | <u>-</u> | <u>58,500</u> |
| Total Transfers | <u>\$ 3,371,733</u> | <u>\$ 3,371,733</u> |

9. RISK MANAGEMENT

The Town of Woodside, is a member of Pooled Liability Assurance Network Joint Powers Authority (PLAN), for general liability claims in an amount of up to \$2,500,000. Through PLAN JPA, the Town has additional insurance coverage from Old Republic, Peleus Insurance Company, QBE Specialty Insurance Company, Gemini Insurance Company, Hallmark Specialty Insurance Company, and Arch Insurance Company. The Town pays an annual premium to PLAN JPA for its insurance coverage.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

9. RISK MANAGEMENT, Continued

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

| Amount | Coverage Provider | Payment Source |
|---|--|-----------------------------------|
| General Liability: | | |
| up to \$25,000 | Self-Insured retention | Town Funds |
| \$25,001-\$1,000,000 | PLAN JPA | Shared risk pool |
| \$1,000,001-\$10,000,000 | California Affiliated Risk Management Authorities (CARMA) JPA | Alliant Insurance Services |
| \$10,000,001-\$15,000,000 | Safety National | Alliant Insurance Services |
| \$15,000,001-\$20,000,000 | Everest | Alliant Insurance Services |
| \$20,000,001-\$25,000,000 | Hallmark Specialty Insurance Company | Alliant Insurance Services |
| \$25,000,001-\$30,000,000 | Allied World National Assurance Company | Alliant Insurance Services |
| Workers' Compensation Claims (up to \$1,000,000) | State Compensation Insurance Fund (Effective 7/1/2022 SHARP JPA took over Workers Comp claims) | State Compensation Insurance Fund |

Property insured includes: all buildings, structures, vehicles, personal property, data processing equipment, contractors' equipment, records, business interruption, and errors and omissions. Property limits of liability \$1,000,000 per occurrence. Deductibles are \$5,000 all property and vehicles, cyber liability included.

Employment Risk Management Authority (ERMA) is a self-insured joint powers authority created for the sole purpose of Employment Practices Liability Coverage. ERMA is comprised of various public entities who risk share up to \$1 million against potential unlawful employment practices and discrimination claims.

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.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

| | <u>Miscellaneous</u> | |
|---|----------------------|------------------|
| | <u>Classic</u> | <u>PEPRA</u> |
| | Prior to | On or after |
| | January 1, 2013 | January 1, 2013 |
| Hire date | 2.5% @ 55 | 2.0% @ 62 |
| Benefit formula | 5 years service | 5 years service |
| Benefit vesting schedule | monthly for life | monthly for life |
| Benefit payments | 50 - 67 | 52 - 67 |
| Retirement age | 2.0 - 2.5% | 1.0 - 2.5% |
| Monthly benefits, as a % of eligible compensation | 8.0% | 6.75% |
| Required employee contribution rates | 12.200% | 7.590% |
| Required employer contribution rates | | |

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, 2022, the contributions recognized as part of pension expense for each Plan were as follows:

| | <u>Miscellaneous</u> |
|--------------------------|----------------------|
| Contributions - employer | \$ 590,923 |

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

As of June 30, 2022, 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 | \$ 2,395,677 |
| Total Net Pension Liability | <u>\$ 2,395,677</u> |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

| | <u>Miscellaneous</u> |
|------------------------------|------------------------|
| Proportion - June 30, 2020 | 0.03801% |
| Proportion - June 30, 2021 | <u>0.04430%</u> |
| Change - Increase (Decrease) | <u><u>0.00629%</u></u> |

For the year ended June 30, 2022, the Town recognized pension expense of \$941,663. At June 30, 2022, 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> |
|--|---|--|
| Pension contributions subsequent to measurement date | \$ 590,923 | \$ - |
| Differences between actual and expected experience | 268,649 | - |
| Changes in assumptions | | |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | - | (57,586) |
| Change in employer proportion | 46,894 | (13,088) |
| Net differences between projected and actual earnings on plan investments | - | <u>(2,091,299)</u> |
| Total | <u>\$ 906,466</u> | <u>\$ (2,161,973)</u> |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

\$590,923 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a credit or a reduction to pension expense as follows:

| Miscellaneous | |
|-------------------|----------------|
| Fiscal Year Ended | Annual |
| June 30 | Amortization |
| 2023 | \$ (383,145) |
| 2024 | (414,863) |
| 2025 | (470,494) |
| 2026 | (577,928) |
| Total | \$ (1,846,430) |

Actuarial Assumptions – The total pension liability was determined by rolling forward the total pension liability determined in the June 30, 2020, actuarial accounting valuation to June 30, 2021. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

| | |
|-----------------------|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB 68 |

Actuarial Assumptions:

| | |
|----------------------------------|---|
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | Varies by Entry Age and Service |
| Investment Rate of Return | 7.15% (1) |
| Mortality Rate Table | Derived using CalPERS' membership data for all funds (2) |
| Post Retirement Benefit Increase | Contract COLA up to 2.50% until Purchasing Power Protection Allowance floor on Purchasing Power applies |

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuations were based on the results of December 2017 actuarial experience study for the period from 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members, Therefore, the long-term expected rate of return on investments was applied to all period of projected benefit payments to determine the total pension liability.

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 and forecasted information for 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 table below reflects the expected real rates of return by asset class by CalPERS.

For Miscellaneous and PEPRA

| Asset Class (a) | Assumed Asset Allocation | Real Return Years 1 - 10(b) | Real Return Years 11+(c) |
|------------------|-----------------------------|--------------------------------|-----------------------------|
| Public Equity | 50.0% | 4.80% | 5.98% |
| Fixed Income | 28.0% | 1.00% | 2.62% |
| Inflation Assets | | 0.77% | 1.81% |
| Private Equity | 8.0% | 6.30% | 7.23% |
| Real Estate | 13.0% | 3.75% | 4.93% |
| Liquidity | 1.0% | | -0.92% |
| Total | 100% | | |

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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:

| | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 1% Decrease | 6.15% |
| Net Pension Liability | \$ 4,620,414 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$ 2,395,677 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$ 556,520 |

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

PARS Trust – During fiscal year 2020, the Town established an irrevocable trust with Public Agency Retirement Services (PARS) to set aside funds for pension liability. The Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the Town. Refer to Note 2, Cash and Investments for more details on the PARS Trust Investment.

As of June 30, 2022, the balance in the PARS trust is \$2,157,749.

Due to the interpretation of GASB 68 for the treatment of the secondary trust other than CERBT when Town has pension managed by CalPERS, the PARS trust balance is shown as restricted cash in General Fund, the contributing Fund.

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

11. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description. The Town of Woodside Retiree Healthcare Plan (Plan) is an agent multiple employers 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 participated 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. In fiscal year 2020, the Town closed CERBT and transferred the trust balances to the newly established Section 115 irrevocable trust with Public Agency Retirement Services (PARS). The investment balance in the Town's PARS Trust Investment Account (OPEB) as of June 30, 2022 was \$1.1 million. The Town Council elected to invest money through the PARS Trust, in partnership High Mark Capital Management in High Mark Capitals Capital Appreciation Portfolio Index Plus Fund, the same funds as is used for the PARS Trust Investments for purposes of future pension obligations. See below and Note 2 on page 70 for more details of the Town's PARS Trust investments through High Mark Capital.

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 funds plan benefits by contributing at least 100% of the Annual Determined Contribution (ADC). For FY 2022, the Town made a total payment of \$135,193 to the Plan, including \$96,664 for pay-as-go portion of payments unreimbursed by the Trust.

Employees Covered by benefit terms

At June 30, 2022, the following employees were covered by the benefit terms:

| | |
|---|----|
| Inactive Employees Receiving Benefits | 12 |
| Inactive Employees Entitled to But Not Receiving Benefits | - |
| Participating Active Employees | 22 |
| Total | 34 |

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

11. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

| Actuarial Assumptions | |
|-------------------------------|--|
| Discount Rate | 6.25% |
| Inflation | 2.26% |
| Salary Increases | 3.25% per annum |
| Net Investment Rate of Return | 6.25% |
| Mortality Rate | Pre-Retirement: CalPERS 2017 Non-Safety Mortality pre-retirement Post-Retirement: CalPERS 2017 Non-Safety Mortality post-retirement |
| Healthcare Trend Rate | Pre-65: 7.05% Post-65: 5.25% |

The long-term expected rate of return on OPEB plan investments was determined by an independent actuary 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 | CERBT | Rate of Return |
|-----------------------|----------------|----------------|
| | Strategy 1 | |
| Equity | 73.00% | 5.65% |
| Fixed income | 20.00% | 1.39% |
| REITS | 2.00% | 5.06% |
| Cash | 5.00% | 0.00% |
| Total | <u>100.00%</u> | |

The discount rate used by the independent actuary to measure the total OPEB liability was 6.25 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
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

11. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the OPEB Liability

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

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|--|---|--|---|
| Balance at June 30, 2021 | \$ 2,077,506 | \$ 971,743 | \$ 1,105,763 |
| Changes Recognized for the Measurement Period: | | | |
| Service cost | 54,972 | - | 54,972 |
| Interest | 129,119 | - | 129,119 |
| Differences between expected and actual experience | (1,862) | - | (1,862) |
| Changes of assumptions | (248,829) | - | (248,829) |
| Contributions-Employer | - | 135,193 | (135,193) |
| Net investment income | - | 283,084 | (283,084) |
| Benefit payments | (135,193) | (135,193) | - |
| Administrative expense | - | (2,760) | 2,760 |
| Net changes | (201,793) | 280,324 | (482,117) |
| Balance at June 30, 2022 | \$ 1,875,713 | \$ 1,252,067 | \$ 623,646 |

(a) As of June 30, 2022, the Town has an investment balance of \$1.1 million in its PARS Trust to pre-fund its future OPEB liability or obligation. As of June 30, 2022 approximately \$1,252,067 is shown in this table as an offset or reduction to the Total OPEB Liability. The difference between the investment balance and reduction is due to a one year timing lag with the measurement date. Refer to other comments in this section about the PARS investment and Note 2, Cash and Investments.

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

The discount rate used for the fiscal year end 2022 is 6.25%. 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, 2021:

| | Total OPEB Liability/(Asset) | | |
|-------------------------|------------------------------|--------------|-------------|
| | 1% Decrease | Current Rate | 1% Increase |
| Change in Discount Rate | 5.25% | 6.25% | 7.25% |
| Net OPEB Liability | \$ 875,539 | \$ 623,646 | \$ 415,724 |

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, 2021:

| | Total OPEB Liability/(Asset) | | |
|--------------------------------------|------------------------------|---------------|-------------|
| | 1% Decrease | Current Trend | 1% Increase |
| Change in Healthcare Cost Trend Rate | | | |
| Net OPEB Liability | \$ 391,777 | \$ 623,646 | \$ 909,476 |

Town of Woodside
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

11. OTHER POST EMPLOYMENT BENEFITS (OPEB), 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 | 4 Years |
| All other amounts | Expected average remaining service lifetime (EARSL) (6.26 Years at June 30, 2022) |

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

For the fiscal year ended June 30, 2022, the Town recognized OPEB expense of \$43,375, a decrease of \$61,362 or 59% compared to \$104,737 in the prior year. As of fiscal year ended June 30, 2022, the Town reported deferred outflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between actual and expected experience | \$ 78,977 | \$ 54,720 |
| Changes of assumptions | 196,816 | 410,252 |
| Net difference between projected and actual earnings on plan investments | - | 166,319 |
| Employer contributions made subsequent to the measurement date | 126,498 | - |
| Total | <u>\$ 402,291</u> | <u>\$ 631,291</u> |

The \$126,498 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as a credit or a reduction of OPEB expenses expense as follows:

| Year Ended June 30 | Annual Amortization |
|-----------------------|------------------------|
| 2023 | \$ (79,780) |
| 2024 | (79,350) |
| 2025 | (81,133) |
| 2026 | (83,964) |
| 2027 | (18,609) |
| Thereafter | <u>(12,662)</u> |
| Total | <u>\$ (355,498)</u> |

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 counsel 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.

14. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 91 – Conduit Debt Obligation

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements -often characterized as leases - that are associated with conduit debt obligations.

This Statement is effective for reporting periods beginning after December 15, 2021. The Town does not believe this statement will have a significant impact on the Town's financial statements.

14. NEW ACCOUNTING PRONOUNCEMENTS, Continued

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement is effective for reporting periods beginning after June 15, 2022. The Town does not believe this statement will have a significant impact on the Town's financial statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

This Statement is effective for reporting periods beginning after June 15, 2021. The Town does not believe this statement will have a significant impact on the Town's financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information
Town of Woodside**

**Schedule of Changes in the Net OPEB Liability and Related Ratios
Agent Multiple Employers Other Post-Employment Benefit (OPEB) Plan
For the Measurement Periods Ended June 30,**

| | <u>6/30/2017</u> | <u>6/30/2018</u> | <u>6/30/2019</u> | <u>6/30/2020</u> | <u>6/30/2021</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 83,302 | \$ 51,592 | \$ 54,172 | \$ 41,260 | \$ 54,972 |
| Interest | 133,804 | 124,981 | 129,611 | 131,467 | 129,119 |
| Changes in benefit terms | - | - | - | - | - |
| Differences between expected and actual experience | 118,115 | (1,334) | 39,938 | (68,566) | (1,862) |
| Changes of assumptions | (328,057) | - | (74,298) | 257,694 | (248,829) |
| Benefit payments | (89,997) | (103,554) | (125,283) | (96,220) | (135,193) |
| Net change in total OPEB liability | <u>(82,833)</u> | <u>71,685</u> | <u>24,140</u> | <u>265,635</u> | <u>(201,793)</u> |
| Total OPEB liability - beginning (a) | <u>1,798,879</u> | <u>1,716,046</u> | <u>1,787,731</u> | <u>1,811,871</u> | <u>2,077,506</u> |
| Total OPEB liability - ending (b) | <u>\$ 1,716,046</u> | <u>\$ 1,787,731</u> | <u>\$ 1,811,871</u> | <u>\$ 2,077,506</u> | <u>\$ 1,875,713</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 204,065 | \$ 155,592 | \$ 161,684 | \$ 127,487 | \$ 135,193 |
| Contributions - employee | - | - | - | - | - |
| Net investment income | 57,576 | 54,742 | 50,862 | 51,727 | 283,084 |
| Benefit payments | (89,997) | (103,554) | (125,283) | (96,220) | (135,193) |
| Administrative expense | (292) | (375) | (173) | (1,704) | (2,760) |
| Net change in plan fiduciary net position | <u>171,352</u> | <u>106,405</u> | <u>87,090</u> | <u>81,290</u> | <u>280,324</u> |
| Plan fiduciary net position - beginning (c) | <u>525,606</u> | <u>696,958</u> | <u>803,363</u> | <u>890,453</u> | <u>971,743</u> |
| Plan fiduciary net position - ending (d) | <u>\$ 696,958</u> | <u>\$ 803,363</u> | <u>\$ 890,453</u> | <u>\$ 971,743</u> | <u>\$ 1,252,067</u> |
| Net OPEB liability - beginning (a)-(c) | <u>\$ 1,273,273</u> | <u>\$ 1,019,088</u> | <u>\$ 984,368</u> | <u>\$ 921,418</u> | <u>\$ 1,105,763</u> |
| Net OPEB liability - ending (b)-(d) | <u>\$ 1,019,088</u> | <u>\$ 984,368</u> | <u>\$ 921,418</u> | <u>\$ 1,105,763</u> | <u>\$ 623,646</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 41% | 45% | 49% | 47% | 67% |
| Covered-employee payroll | N/A | <u>\$ 2,199,508</u> | <u>\$ 2,214,874</u> | <u>\$ 2,417,151</u> | <u>\$ 2,500,768</u> |
| Net OPEB liability as a percentage of covered-employee payroll | N/A | 45% | 42% | 46% | 25% |

Notes to Schedules:

* Fiscal year 2018 was the first year of implementation.

**Required Supplementary Information
Town of Woodside**

**Net OPEB Liability Schedule of Contributions
Agent Multiple Employers Other Post-Employment Benefit (OPEB) Plan
For the Fiscal Year Ended June 30,**

| Fiscal Year Ended June 30, | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 169,882 | \$ 127,487 | \$ 127,187 | \$ 136,175 | \$ 137,449 |
| Contributions to the Trust | 114,068 | 52,038 | 36,401 | 31,267 | - |
| Pay-go Payments by Employer Unreimbursed by the Trust | 89,997 | 73,408 | 90,786 | 96,220 | 96,664 |
| Active Implicit Rate Subsidy Transferred to OPEB | - | 30,146 | 34,497 | - | 38,529 |
| | <u>\$ 204,065</u> | <u>\$ 155,592</u> | <u>\$ 161,684</u> | <u>\$ 127,487</u> | <u>\$ 135,193</u> |
| Covered-employee payroll | N/A | \$ 2,199,508 | \$ 2,214,874 | \$ 2,417,151 | \$ 2,500,768 |
| Contributions as a percentage of covered-employee payroll | N/A | 7.07% | 7.30% | 5.27% | 5.41% |

Notes to Schedule:

* Fiscal year 2018 was the first year of implementation.

**Required Supplementary Information
Town of Woodside**

**Schedule of the Town's Proportionate Share of the Net Pension Liability
CalPERS Pension Miscellaneous Plan
Last 10 Fiscal Years***

| Measurement Date | <u>6/30/2021</u> | <u>6/30/2020</u> | <u>6/30/2019</u> | <u>6/30/2018</u> | <u>6/30/2017</u> | <u>6/30/2016</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Plan's proportion of the Net Pension Liability (Asset) | 0.04430% | 0.03801% | 0.03754% | 0.09435% | 0.09238% | 0.09109% |
| Plan's proportion share of the Net Pension Liability (Asset) | <u>\$ 2,395,677</u> | <u>\$ 4,135,509</u> | <u>\$ 3,846,278</u> | <u>\$ 3,555,942</u> | <u>\$ 3,641,516</u> | <u>\$ 3,164,365</u> |
| Plan's Covered-Employee Payroll | <u>\$ 2,496,707</u> | <u>\$ 2,354,822</u> | <u>\$ 2,168,303</u> | <u>\$ 1,992,721</u> | <u>\$ 2,072,787</u> | <u>\$ 1,995,944</u> |
| Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll | 95.95% | 175.62% | 177.39% | 178.45% | 175.68% | 158.54% |
| Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability | 72.46% | 73.17% | 72.29% | 74.23% | 71.89% | 72.29% |
| Plan's Proportionate Share of Aggregate Employer Contribution | \$ 568,516 | \$ 526,765 | \$ 452,056 | \$ 390,081 | \$ 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 change in CALPERS reporting, information prior to fiscal year 2016 is not available.

**Required Supplementary Information
Town of Woodside**

**Schedule of Contributions
CalPERS Pension Miscellaneous Plan
Last 10 Fiscal Years***

| Fiscal Year Ended June 30, | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually required contribution (actuarially determined) | \$ 590,923 | \$ 540,208 | \$ 469,749 | \$ 404,929 | \$ 390,376 | \$ 323,181 |
| Actuarially determined contributions | <u>(590,923)</u> | <u>(540,208)</u> | <u>(469,749)</u> | <u>(404,929)</u> | <u>(390,376)</u> | <u>(323,181)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Covered payroll | <u>\$ 2,496,707</u> | <u>\$ 2,354,822</u> | <u>\$ 2,168,303</u> | <u>\$ 1,992,721</u> | <u>\$ 2,072,787</u> | <u>\$ 1,995,944</u> |
| Contributions as a percentage of covered payroll | 23.67% | 22.94% | 21.66% | 20.32% | 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 change in CALPERS reporting, information prior to fiscal year 2017 is not available.

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SUPPLEMENTARY INFORMATION

Town of Woodside
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Capital Projects Fund
For the year ended June 30, 2022

| | Capital Projects | | Variance w/Final Positive (Negative) |
|---|-------------------------|---------------------|--|
| | Final | Actual | |
| REVENUES | | | |
| Charges for service | \$ - | \$ 2,250 | \$ 2,250 |
| Total revenues | <u>-</u> | <u>2,250</u> | <u>2,250</u> |
| EXPENDITURES | | | |
| Capital outlay | 3,475,896 | 3,033,930 | 441,966 |
| Total expenditures | <u>3,475,896</u> | <u>3,033,930</u> | <u>441,966</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>(3,475,896)</u> | <u>(3,031,680)</u> | <u>444,216</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 3,181,896 | 2,996,733 | (185,163) |
| Total other financing sources (uses) | <u>3,181,896</u> | <u>2,996,733</u> | <u>(185,163)</u> |
| Net change in funds balances | (294,000) | (34,947) | 259,053 |
| FUND BALANCES: | | | |
| Beginning of year | (313,037) | (313,037) | - |
| End of year | <u>\$ (607,037)</u> | <u>\$ (347,984)</u> | <u>\$ 259,053</u> |

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. |
| Measure W | Fund accounts for County of San Mateo sales tax on all qualified retail transactions. |

**Town of Woodside
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

| | Special Revenue Funds | | |
|--|-----------------------|---------------------|------------------|
| | Traffic Safety | Road Impact Fees | Gas Tax |
| ASSETS | | | |
| Cash and investments | \$ 206,762 | \$ 402,547 | \$ 33,575 |
| Receivables: | | | |
| Interest | 285 | 650 | 172 |
| Intergovernmental | - | - | 19,925 |
| Other receivable | 18,986 | - | - |
| Total assets | \$ 226,033 | \$ 403,197 | \$ 53,672 |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 4,049 | \$ 14,943 | \$ 414 |
| Total liabilities | 4,049 | 14,943 | 414 |
| Fund Balances | | | |
| Restricted | 221,984 | 388,254 | 53,258 |
| Total fund balances | 221,984 | 388,254 | 53,258 |
| Total liabilities and fund balances | \$ 226,033 | \$ 403,197 | \$ 53,672 |

| Special Revenue Funds | | | | Total Non-Major Governmental Funds |
|--|--|------------------|--|--|
| Supplemental Law Enforcement Program | California Law Enforcement Equipment Program | Measure W | | |
| \$ 57,285 | \$ 2,802 | \$ 54,233 | | \$ 757,204 |
| 78 | 4 | 96 | | 1,285 |
| - | - | 14,477 | | 34,402 |
| - | - | - | | 18,986 |
| <u>\$ 57,363</u> | <u>\$ 2,806</u> | <u>\$ 68,806</u> | | <u>\$ 811,877</u> |
| \$ - | \$ - | \$ - | | \$ 19,406 |
| <u>-</u> | <u>-</u> | <u>-</u> | | <u>19,406</u> |
| <u>57,363</u> | <u>2,806</u> | <u>68,806</u> | | <u>792,471</u> |
| <u>57,363</u> | <u>2,806</u> | <u>68,806</u> | | <u>792,471</u> |
| <u>\$ 57,363</u> | <u>\$ 2,806</u> | <u>\$ 68,806</u> | | <u>\$ 811,877</u> |

Town of Woodside
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2022

| | Special Revenue Funds | | |
|---|-----------------------|---------------------|------------------|
| | Traffic Safety | Road Impact Fees | Gas Tax |
| REVENUES | | | |
| Taxes and assessment | \$ - | \$ - | \$ 234,425 |
| Fines and forfeitures | 110,596 | - | - |
| Intergovernmental | - | - | - |
| Use of money and property | 519 | 1,258 | 178 |
| Charges for services | - | 410,354 | - |
| Other revenues | 20,279 | - | - |
| Total revenues | <u>131,394</u> | <u>411,612</u> | <u>234,603</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Safety Services | - | - | - |
| Public Works | 80,339 | 247,420 | 85,586 |
| Total expenditures | <u>80,339</u> | <u>247,420</u> | <u>85,586</u> |
| REVENUES OVER (UNDER) EXPENDITURES | <u>51,055</u> | <u>164,192</u> | <u>149,017</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | - | (457,371) | (154,000) |
| Total other financing sources (uses) | <u>-</u> | <u>(457,371)</u> | <u>(154,000)</u> |
| NET CHANGES IN FUND BALANCES | 51,055 | (293,179) | (4,983) |
| FUND BALANCES: | | | |
| Beginning of year | 170,929 | 681,433 | 58,241 |
| End of year | <u>\$ 221,984</u> | <u>\$ 388,254</u> | <u>\$ 53,258</u> |

| Special Revenue Funds | | | |
|--|--|------------------|--|
| Supplemental Law Enforcement Service | California Law Enforcement Equipment Program | Measure W | Total Non-Major Governmental Funds |
| \$ - | \$ - | \$ 162,918 | \$ 397,343 |
| - | - | - | 110,596 |
| 161,285 | - | - | 161,285 |
| 191 | 7 | 166 | 2,319 |
| - | - | - | 410,354 |
| - | - | - | 20,279 |
| <u>161,476</u> | <u>7</u> | <u>163,084</u> | <u>1,102,176</u> |
| 175,000 | - | - | 175,000 |
| - | - | - | 413,345 |
| <u>175,000</u> | <u>-</u> | <u>-</u> | <u>588,345</u> |
| <u>(13,524)</u> | <u>7</u> | <u>163,084</u> | <u>513,831</u> |
| - | - | (110,746) | (722,117) |
| - | - | (110,746) | (722,117) |
| (13,524) | 7 | 52,338 | (208,286) |
| <u>70,887</u> | <u>2,799</u> | <u>16,468</u> | <u>1,000,757</u> |
| <u>\$ 57,363</u> | <u>\$ 2,806</u> | <u>\$ 68,806</u> | <u>\$ 792,471</u> |

Town of Woodside
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Traffic Safety Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|------------------------------------|-------------------|-------------------|--|
| REVENUES | | | |
| Fines and forfeitures | \$ 75,000 | \$ 110,596 | \$ 35,596 |
| Use of money and property | 600 | 519 | (81) |
| Other revenues | 4,400 | 20,279 | 15,879 |
| Total revenues | <u>80,000</u> | <u>131,394</u> | <u>51,394</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | 74,650 | 80,339 | (5,689) |
| Total expenditures | <u>74,650</u> | <u>80,339</u> | <u>(5,689)</u> |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>5,350</u> | <u>51,055</u> | <u>45,705</u> |
| Net change in fund balances | 5,350 | 51,055 | 45,705 |
| FUND BALANCES: | | | |
| Beginning of year | <u>170,929</u> | <u>170,929</u> | <u>-</u> |
| End of year | <u>\$ 176,279</u> | <u>\$ 221,984</u> | <u>\$ 45,705</u> |

Town of Woodside, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Road Impact Fees Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|---|-------------------|-------------------|--|
| REVENUES | | | |
| Use of money and property | \$ 2,750 | \$ 1,258 | \$ (1,492) |
| Charges for services | 350,000 | 410,354 | 60,354 |
| Other revenues | - | - | - |
| Total revenues | <u>352,750</u> | <u>411,612</u> | <u>58,862</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | <u>277,300</u> | <u>247,420</u> | <u>29,880</u> |
| Total expenditures | <u>277,300</u> | <u>247,420</u> | <u>29,880</u> |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>75,450</u> | <u>164,192</u> | <u>88,742</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | <u>(488,500)</u> | <u>(457,371)</u> | <u>31,129</u> |
| Total other financing sources (uses) | <u>(488,500)</u> | <u>(457,371)</u> | <u>31,129</u> |
| Net change in fund balances | (413,050) | (293,179) | 119,871 |
| FUND BALANCES: | | | |
| Beginning of year | <u>681,433</u> | <u>681,433</u> | <u>-</u> |
| End of year | <u>\$ 268,383</u> | <u>\$ 388,254</u> | <u>\$ 119,871</u> |

Town of Woodside, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Gas Tax Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|---|------------------|------------------|--|
| REVENUES | | | |
| Taxes and assessments | \$ 252,000 | \$ 234,425 | \$ (17,575) |
| Use of money and property | 250 | 178 | (72) |
| Total revenues | <u>252,250</u> | <u>234,603</u> | <u>(17,647)</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Public works | 85,820 | 85,586 | 234 |
| Total expenditures | <u>85,820</u> | <u>85,586</u> | <u>234</u> |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>166,430</u> | <u>149,017</u> | <u>(17,413)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers out | <u>(144,000)</u> | <u>(154,000)</u> | <u>(10,000)</u> |
| Total other financing sources (uses) | <u>(144,000)</u> | <u>(154,000)</u> | <u>(10,000)</u> |
| Net change in fund balances | 22,430 | (4,983) | (27,413) |
| FUND BALANCES: | | | |
| Beginning of year | <u>58,241</u> | <u>58,241</u> | <u>-</u> |
| End of year | <u>\$ 80,671</u> | <u>\$ 53,258</u> | <u>\$ (27,413)</u> |

Town of Woodside, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
Supplemental Law Enforcement Services Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|------------------------------------|------------------|------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ 160,000 | \$ 161,285 | \$ 1,285 |
| Use of money and property | 600 | 191 | (409) |
| Total revenues | <u>160,600</u> | <u>161,476</u> | <u>876</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Safety services | <u>175,000</u> | <u>175,000</u> | - |
| Total expenditures | <u>175,000</u> | <u>175,000</u> | - |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>(14,400)</u> | <u>(13,524)</u> | <u>876</u> |
| Net change in fund balances | (14,400) | (13,524) | 876 |
| FUND BALANCES: | | | |
| Beginning of year | <u>70,887</u> | <u>70,887</u> | - |
| End of year | <u>\$ 56,487</u> | <u>\$ 57,363</u> | <u>\$ 876</u> |

Town of Woodside, California
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual
California Law Enforcement Equipment Program Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|------------------------------------|-----------------|-----------------|--|
| REVENUES | | | |
| Intergovernmental | \$ - | \$ - | \$ - |
| Use of money and property | - | 7 | 7 |
| Total revenues | <u>-</u> | <u>7</u> | <u>7</u> |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>-</u> | <u>7</u> | <u>7</u> |
| Net change in fund balances | - | 7 | 7 |
| FUND BALANCES: | | | |
| Beginning of year | <u>\$2,799</u> | <u>2,799</u> | <u>-</u> |
| End of year | <u>\$ 2,799</u> | <u>\$ 2,806</u> | <u>\$ 7</u> |

Town of Woodside
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual
Measure W Special Revenue Fund
For the year ended June 30, 2022

| | Budget | Actual | Variance w/Final Positive (Negative) |
|---|------------------|------------------|--|
| REVENUES | | | |
| Intergovernmental | \$ 140,000 | \$ 162,918 | \$ 22,918 |
| Use of money and property | 150 | 166 | 16 |
| Total revenues | <u>140,150</u> | <u>163,084</u> | <u>22,934</u> |
| REVENUES OVER (UNDER) | | | |
| EXPENDITURES | <u>140,150</u> | <u>163,084</u> | <u>22,934</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers out | <u>(140,000)</u> | <u>(110,746)</u> | <u>29,254</u> |
| Total other financing sources (uses) | <u>(140,000)</u> | <u>(110,746)</u> | <u>29,254</u> |
| Net change in funds balances | 150 | 52,338 | 52,188 |
| FUND BALANCES: | | | |
| Beginning of year | - | 16,468 | 16,468 |
| End of year | <u>\$ 150</u> | <u>\$ 68,806</u> | <u>\$ 68,656</u> |

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SUPPLEMENTARY SCHEDULES

**Town of Woodside
Schedule of Land Assets**

For the year ended June 30, 2022

| <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 068-322-330 | 5001 Farm Hill Blvd | 12/22/2005 | 6,737,134 |
| Total Land | | | <u>\$ 9,468,373</u> |

*Values were derived from historical cost records

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

To the Honorable Members of the Town Council
Town of Woodside

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 basic financial statements of the Town of Woodside (Town), California, as of and for the year ended June 30, 2022, and have issued our report thereon date October 13, 2022.

Report on 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) as a basis for designing 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 Town'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.

Report on 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 that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated October 13, 2022 which is an integral part of our audit and should be read in conjunction with this report.

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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
October 13, 2022