

**Town of Woodside
Measure A Fund**

**Report on Compliance with the
*Agreement for Distribution of San Mateo County
Measure A Funds for Local Transportation Purposes***

For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT ON MANAGEMENT'S ASSERTION

Honorable Town Council
Town of Woodside, California

We have examined management's assertion, included in accompanying Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure A Fund for Local Transportation Purposes (the Agreement) between the Town and the San Mateo County Transportation Authority dated August 22, 1989, that the Town of Woodside complied with the requirements of the Agreement during the year ended June 30, 2020. Management is responsible for the Town's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Town's compliance based upon our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide legal determination of the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2020.

This report is intended solely for the information and use of the Town Council and Management and the San Mateo County Transportation Authority Board and Management. However, this report is a matter of public record and its distribution is not limited.

Maze & Associates

Pleasant Hill, California
September 15, 2020

Town of Woodside, California

Balance Sheet - Measure A Fund

June 30, 2020



ASSETS

Cash and investments	\$	658,109
Receivables:		
Interest		1,289
Intergovernmental		14,496
Total assets	\$	673,894

LIABILITIES AND FUND BALANCES

Liabilities:		
Accounts payable	\$	927
Total liabilities		<u>927</u>
Fund balances:		
Restricted		<u>672,967</u>
Total fund balances		<u>672,967</u>
Total liabilities and fund balances	\$	673,894

Town of Woodside, California
Schedule of Changes in Fund Balance - Measure A Fund
June 30, 2020

REVENUES	
Measure A	\$ 324,798
Interest income	6,502
Total revenues	<u>331,300</u>
EXPENDITURES	
Current:	
Town-wide road rehabilitation project	180,394
Total expenditures	<u>180,394</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>150,906</u>
OTHER FINANCING SOURCES(USES)	
Contribution from General Fund	600,000
Transfer (out) to General Fund for overhead cost	(173,000)
Transfer (out) to General fund for transportation capital projects	(344,452)
Total other financing sources (uses)	<u>82,548</u>
Net change in fund balances	233,454
FUND BALANCES:	
Beginning of year	439,513
End of year	<u>\$ 672,967</u>

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

Town of Woodside, California

Schedule of Changes in Fund Balance - Measure A Fund - Budget and Actual

June 30, 2020

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
REVENUES				
Measure A	\$ 345,000	\$ 345,000	\$ 324,798	\$ (20,202)
Interest income	11,300	11,300	6,502	(4,798)
Total revenues	<u>356,300.00</u>	<u>356,300.00</u>	<u>331,300</u>	<u>(25,000)</u>
EXPENDITURES				
Current:				
Town-wide road rehabilitation project	213,795	213,795	180,394	33,401
Total expenditures	<u>213,795</u>	<u>213,795</u>	<u>180,394</u>	<u>33,401</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>142,505</u>	<u>142,505</u>	<u>150,906</u>	<u>8,401</u>
OTHER FINANCING SOURCES(USES)				
Contribution from General Fund	600,000	600,000	600,000	-
Transfer (out) to General Fund for overhead cost	(173,000)	(173,000)	(173,000)	-
Transfer (out) to General fund	(536,658)	(536,658)	(344,452)	192,206
for transportation capital projects	<u>(109,658)</u>	<u>(109,658)</u>	<u>82,548</u>	<u>192,206</u>
Net change in fund balances	142,505	142,505	233,454	200,607
FUND BALANCE:				
Beginning of year	439,513	439,513	439,513	-
End of year	<u>\$ 582,018</u>	<u>\$ 582,018</u>	<u>\$ 672,967</u>	<u>\$ 200,607</u>

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

**TOWN OF WOODSIDE
MEASURE A FUND
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

All transactions of the Measure A Fund of the Town of Woodside (Town) are included as a separate special revenue fund in the basic financial statements of the Town. The Measure A Fund is used to account for the Town's share of revenues earned and expenditures incurred under Measure A. The accompanying financial statements are for the Measure A Fund only and are not intended to fairly present the financial position of the Town and the results of its operations.

B. Basis of Accounting and Measurement Focus

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are generally recorded when measurable and available and expenditures are recorded when the related liabilities are incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus, wherein only current assets and current liabilities generally are included on the balance sheet. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

C. Description of Fund Accounting

The account is maintained using fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts.

The Town uses a special revenue fund to account for financial resources received from the half-cent sales tax provision of Measure A. These funds are to be used towards salaries and benefits and the obtaining, furnishing, operating, and/or maintaining of local transportation purposes.

D. Fund Balance

Fund balance consists of only restricted amounts. Restricted amounts consist of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government.

E. Cash and Investments

The Measure A Fund pools its cash with the Town. The Town pools cash resources from all funds in order to facilitate the management of cash and achieve the goal of obtaining the highest yield with the greatest safety and least risk. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available. Interest earned on investments is allocated to all funds on the basis of monthly cash and investment balances. The Measure A Fund participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities (See Note 2D).

**TOWN OF WOODSIDE
MEASURE A FUND
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

F. Receivables

Receivables represent the sales tax revenues due from the State Board of Equalization.

G. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

The Measure A Fund participates in the Town's cash and investment pool that includes all other Town funds, which the Town Treasurer invests to enhance interest earnings. The pooled interest earned is allocated to each fund based on average month-end cash and investment balances in these funds. The Measure A Fund had a cash and investments balance of \$658,109 at June 30, 2020.

The California Government Code requires California banks and savings and loan associations to secure cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Town's name. The market value of pledged securities must equal at least 110% of the Town's cash deposits. California law also allows institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the Town's total cash deposits. The Town may waive collateral requirements for cash deposits which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

B. Investments

The investments made by the Town Treasurer are limited to those allowable under State statutes as incorporated into the Town's Investment Policy, which is more conservative than State statutes. Under provisions of this policy, the Town is authorized to invest in the following types of investments:

Medium-term Corporate Notes	Government Agency Securities
Certificates of Deposit	Treasury Bills and Notes
Bankers' Acceptances	Passbook Savings Accounts
Commercial Paper	State of California Local Agency Investment Fund
Repurchase Agreements	

**TOWN OF WOODSIDE
MEASURE A FUND
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

2. CASH AND INVESTMENTS, Continued

C. Risk Disclosure

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At June 30, 2020, the Town's pooled cash and investments had the following maturities:

<u>Maturity</u>	<u>Percentage of Investment</u>
Less than one year	100%

Credit Risk: It is the Town's policy that commercial paper have a rating of "A-1" or higher by a nationally recognized statistical rating organization (NRSRO) and have a maturity date not exceeding 180 days from the date of purchase. Medium-term notes, with a final maturity not exceeding five years from the date of purchase, must have a rating of A or the equivalent by a NRSRO. Federal instrumentalities must have a rating of AAA or the equivalent by a NRSRO at the time of purchase with a maximum maturity of five years at the time of purchase. LAIF has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town currently has no security investments other than LAIF.

See Town's basic financial statements for further details related with Cash and Investments.

D. External Investment Pool – Local Agency Investment Fund

The Town's investments with LAIF at June 30, 2020, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

Structured Notes - debt securities (other than Asset-Backed Securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities - generally mortgage-backed securities which entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2020, the Town had investments in LAIF, which had invested 1.47% of the pool investment funds in Structured Notes and Asset-Backed Securities. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available. The fair value factor of 1.004912795 was provided by LAIF and used to calculate the fair value of the investments in LAIF. The fair value of the Town's position in LAIF is materially equivalent to the value of the pool shares.

**TOWN OF WOODSIDE
MEASURE A FUND
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

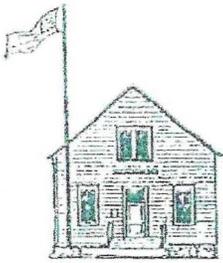
Budget

An annual budget is adopted by Town Council for the special revenue funds.

The budget is the maximum authorization for spending in a fiscal year. An encumbrance system is used to record commitments and obligations incurred throughout the year to ensure the budget authorization is not exceeded.

The budget is developed for the Special Revenue Funds using the modified accrual basis of accounting. Amendments to the approved budget are approved by Town Council. Supplemental appropriations are authorized by Town Council during the year.

All unencumbered budget appropriations lapse at the end of each fiscal year. Encumbrances for significant capital projects are reappropriated as part of the following year's budget. Outstanding encumbrances are committed in fund balance. At the fund level, expenditures may not legally exceed appropriations.



The Town of
Woodside

September 15, 2020

San Mateo County Transportation Authority
120 San Carlos Avenue
San Carlos, California 94070

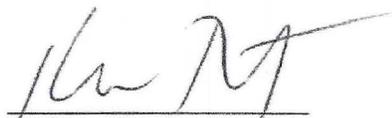
Management's Report on Compliance with the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purpose

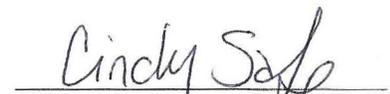
The Town of Woodside is responsible for complying with the Agreement for Distribution of San Mateo County Measure A Funds for Local Transportation Purposes (the Agreement) between the Town and the San Mateo County Transportation Authority entered into on August 22, 1989. The Agreement states that in return for receiving an annual allocation of a specified portion of the retail transactions and use tax approved by Measure A – San Mateo County Transportation Expenditure Plan (the Measure), the Town, agrees that funds, “shall not be used to replace funds previously provided by property tax or other local revenues for public transportation purposes, and that Town will limit the use of Funds Provided Pursuant to this Agreement to the improvement and maintenance of local transportation, including streets and road improvements.”

With respect to compliance with the Agreement, management attests to the following for the year ended June 30, 2020:

P.O. Box 620005
2955 Woodside Road
Woodside CA 94062

- Management is responsible for establishing and maintaining an effective internal control structure with respect to compliance with the Agreement;
- Management is responsible for complying with the Agreement;
- Management has evaluated the Town's compliance with the requirements of the Agreement;
- All Transactions, as summarized in the preceding Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended June 30, 2020, are in compliance with the Agreement.


Town Manager


Administrative Services Manager

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