

**TOWN OF WOODSIDE, CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2016**

Prepared by:

**Kevin Bryant**

Town Manager

**Cindy Safe**

Administrative Services Manager

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**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

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**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

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The Town of  
Woodside

**March 24, 2017**

***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, 2016. It is the policy of the Council that a licensed certified public accountant conducts an annual audit at the end of each fiscal year and issues a complete set of financial statements to be submitted to them. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

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

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

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

The Town's financial statements have been audited by JJACPA, Inc., a firm of certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2016, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion, which states that the Town's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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Fax: 650-851-2195  
townhall@woodsidetown.org

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

### **Profile of the Town of Woodside**

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

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

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

The Town Council serves as the policy board for the municipality. As an elected Board of Directors, the Town Council provides policy direction, establishes goals, and sets priorities for the Town government. In addition to serving as the policy makers for the community, the Town Council also is responsible for numerous land use decisions within its borders, including the General Plan. The Town Council appoints the Town Manager, Town Attorney, and all members of advisory boards, committees and commissions.

## **Current Economic Conditions and Outlook**

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

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

## **Financial Information**

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

## **Awards and Acknowledgements**

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

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

Respectfully Submitted,

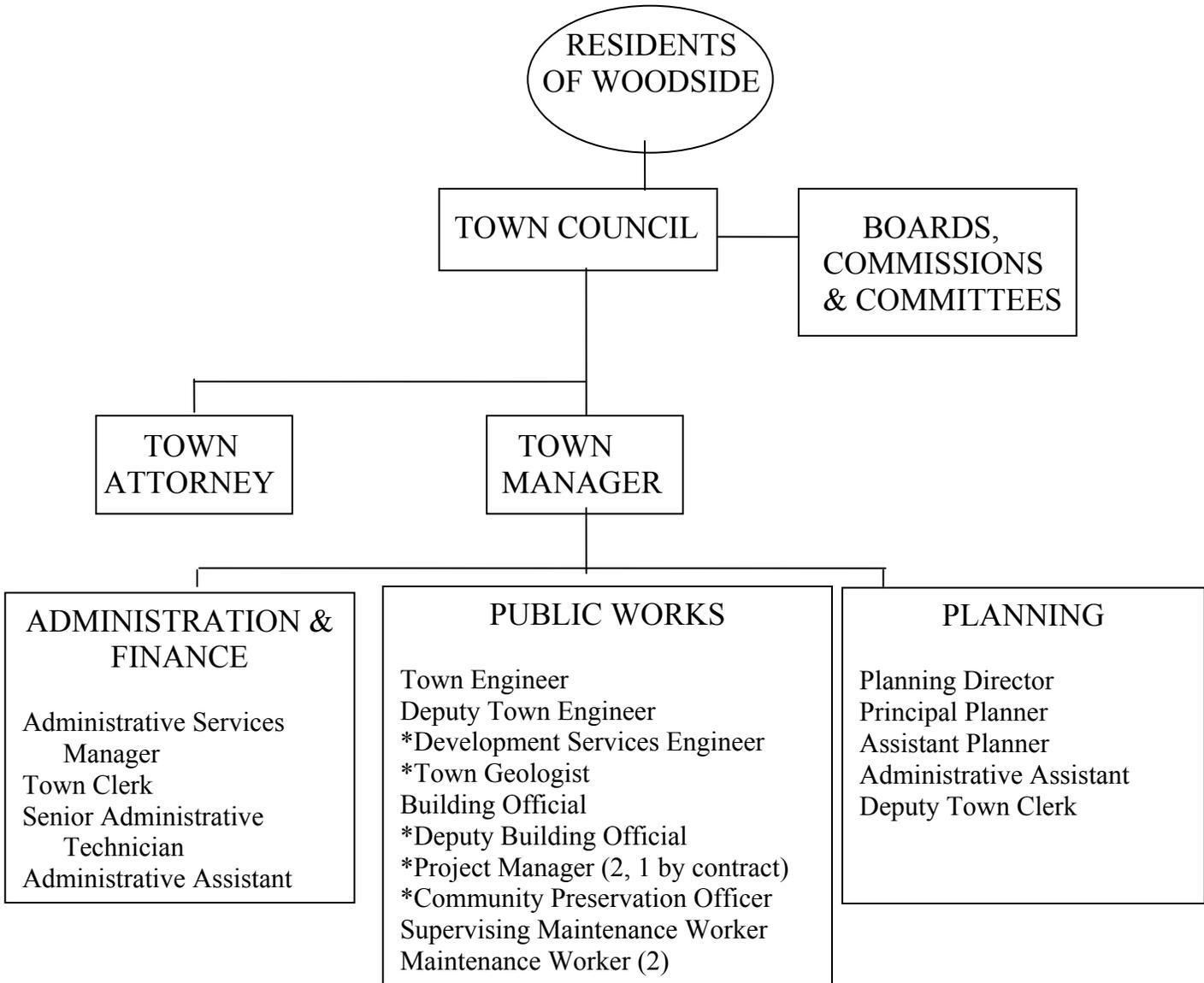
A handwritten signature in black ink, appearing to read 'Kevin Bryant', written in a cursive style.

Kevin Bryant  
Town Manager

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Organization Chart**

**TOWN OF WOODSIDE**  
**ORGANIZATION CHART**



\* Position filled by contract services

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**List of Officials**

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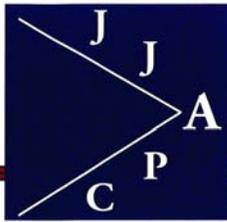
***TOWN COUNCIL***

- Deborah C. Gordon, Mayor
- Tom Livermore, Mayor Pro Tempore
- Daniel Yost
- Anne Kasten
- Peter Mason
- David Tanner
- Chris Shaw

***TOWN OFFICIALS***

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

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JJACPA, Inc.

A Professional Accounting Services Corp.

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Town Council  
of the Town of Woodside  
Woodside, California  
Page 2

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-17, the Other Post-Employment Benefits Schedule of Funding Progress on page 82, the Town's Schedules of Contributions on pages 83-84, and the Schedules of the Town's proportionate Share of the Net Pension Liability on pages 85-86, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

March 27, 2017

*JJACPA, Inc.*  
**JJACPA, Inc.**  
**Dublin, CA**

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis**

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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, 2016. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

- ◆ As of June 30, 2016, total assets of the Town exceeded its liabilities by \$24,410,264 (net position). The portion of net position that may be used to meet the government's ongoing obligations (unrestricted net position) is \$5,107,448. The portion of net position that is restricted and may only be used for specific purposes is \$1,473,067. The remaining \$17,829,749 is net investment in capital assets (page 6).
- ◆ As of June 30, 2016, the Town's Governmental Activities reported combined net position of \$23,608,888, of that, \$1,473,067 is restricted special revenue funds (page 6).
- ◆ As of June 30, 2016, the Town's governmental funds reported combined ending fund balances of \$8,866,293. Of that amount \$1,473,067 is restricted because it represents resources that are required to be spent for specific purposes as provided by an external source. The remaining fund balance of \$7,393,226 is unassigned and represents the General Fund and a deficit fund balance in the Library Operations and Capital Projects (pages 26 and 27).
- ◆ Capital assets, net of depreciation, increased to \$17,829,749 (page 6) from \$15,622,016 in fiscal year (FY) 2015.

**OVERVIEW OF FINANCIAL STATEMENTS**

This Annual Financial Report is in two major parts:

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

**The Basic Financial Statements**

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

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**The Government-wide Financial Statements**

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

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

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

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. For the fiscal year ended June 30, 2016, the Town's major funds are as follows:

**GOVERNMENTAL FUNDS:**

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

**PROPRIETARY FUND:**

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

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**Fund Financial Statements, Continued**

FIDUCIARY FUNDS:

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

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

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

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

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

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

**Fund Financial Statements, Continued**

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 51-80 of this report. Required Supplementary Information follows the notes on page 82.

**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 90-104 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 \$24,410,264 at the close of the most recent fiscal year. Capital assets (e.g., land, buildings, machinery, equipment, and vehicles), less any related debt used to acquire those assets, represent 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**

	2016			2015			Total change	
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total	Amount	Percent
Current and other assets	\$ 9,752,391	\$ 457,686	\$ 10,210,077	\$ 10,328,396	\$ 464,590	\$ 10,792,986	\$ (582,909)	-5.4%
Noncurrent assets	17,391,815	437,934	17,829,749	15,093,199	528,817	15,622,016	2,207,733	14.1%
Deferred outflows of resources	1,176,816	30,529	1,207,345	499,541	15,148	514,689	692,656	100.0%
Total assets and deferred outflows of resources	28,321,022	926,149	29,247,171	25,921,136	1,008,555	26,929,691	2,317,480	8.6%
Current and other liabilities	912,089	27,956	940,045	879,562	14,073	893,635	46,410	5.2%
Long-term liabilities	2,886,016	72,096	2,958,112	2,371,143	60,426	2,431,569	526,543	21.7%
Deferred inflows of resources	914,029	24,721	938,750	520,417	15,782	-	-	100.0%
Total liabilities and deferred inflows of resources	4,712,134	124,773	4,836,907	3,771,122	90,281	3,325,204	572,953	17.2%
Net position:								
Net investment in capital assets	17,391,815	437,934	17,829,749	15,093,199	528,817	15,622,016	2,207,733	14.1%
Restricted	1,473,067	-	1,473,067	3,151,134	-	3,151,134	(1,678,067)	-53.3%
Unrestricted	4,744,006	363,442	5,107,448	3,905,681	389,457	4,295,138	812,310	18.9%
<b>Total net position</b>	<b>\$ 23,608,888</b>	<b>\$ 801,376</b>	<b>\$ 24,410,264</b>	<b>\$ 22,150,014</b>	<b>\$ 918,274</b>	<b>\$ 23,068,288</b>	<b>\$ 1,341,976</b>	<b>5.8%</b>

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The table is a summary of the Town's net position for this fiscal year compared to last fiscal year. The table shows the total capital assets for this year (\$17,829,749), total restricted funds (\$1,473,067), and the remaining amount which is in unrestricted funds of \$5,107,448, which will be used to meet the City's ongoing obligations to citizens and creditors funded through current revenues.

**Revenues**

The Town's total revenues for governmental and business-type activities were \$10,105,188 (see table on Page 9) for the fiscal year ended June 30, 2016. Approximately 92% of the Town's revenues are generated from five major sources, Charges for Services, Property Taxes and Assessments, Operating Grants and Contributions, Sales and use tax, and Franchises.

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

1. **Charges for Services** – Charges for services has gone up 19% from last year. Development related fees and permits have contributed the most to this increase. No increases in the Fee Schedule have taken place since May 2013. Increased building and remodeling in Woodside due to an increase in the economy and sales of homes in Town is the main reason for this increase.
2. **Property Taxes and Assessments** – The property taxes and assessments category for FY 2016 includes not only Property Tax – secured, unsecured, SB 813, prior years, but also the additional categories of Home Owner Property Tax Relief (HOPTR), Property Tax in-lieu, and Triple Flip. There has been an increase of 24% or \$956,609 in this category from last year. The main reason for the increase is due to the State's winding up of the Triple Flip payments. 16% of the increase is attributable to Triple Flip and the remaining 6% due to increase in Property Taxes. Overall secured property taxes are up from last year due to an increase in secured property tax value.
3. **Grants and Contributions – Operating** – The Grants and Contributions (Operating) category for FY 2016 increased 2% from last fiscal year and included the sub-categories of the State Citizens' Option for Public Safety (COPS) program (grant remained the same as last year), Gas Tax (increase of \$17,763 or 11%), and Measure A Sales tax.
4. **Sales and use tax** – Sales tax experienced an 23% decrease in FY2016 due to a decrease in sales tax revenues from last fiscal year.
5. **Franchises** - Franchise revenues for the Town of Woodside are derived from franchise agreements with gas, electric, water, garbage, cable tv, and telecommunications providers. Revenues from this source have increased \$35,809 or 8% from last year.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Expenses**

Governmental and business-type activities expenses of the Town totaled \$8,763,212 for the year a 9% increase from last fiscal year. Governmental activities expenses totaled \$8,300,416 or 95% of total expenses. Safety Services costs represented 22% (\$1,833,621) of total governmental activities expenses. Public works costs amounted to \$2,536,6050 or 30% of total governmental expenses.

These increased Public Works Department expenses include the Woodside Library remodel and the Road Rehabilitation project, these expenses represent the largest single expense for governmental activities and account for most of the increase in expenses this fiscal year.

The Administration and Finance Department expenses increased from FY 2015 to FY 2016, this increase is mostly due to the \$230,241 increasing adjustment for pension expenses in FY 2016 and a decreasing adjustment of \$314,618 in FY 2015, which results in a net increase in pension expenses. In the past these expenses were not included in the financial statement, but because of the implementation of GASB 68 (effective FY 2015), CalPERS calculates unfunded pensions actuarially and the Town now includes them in the financial statements. Administration and Finance budget in FY 2016 was \$1,270,513 and actual expenses for 2016 were \$1,270,513, which is \$24,000 under budget. The actual expenses for FY 2016 were \$143,317 more than 2015, due to increases in professional services, part time salaries, and retiree health care expenses.

The Townwide overhead expenses increased from FY 2015 to FY 2016, mostly due to the \$67,280 implementation and license expenses of a new cloud based financial software.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The change in net position for the fiscal years ended June 30, 2016, and 2014, follows (pages 22 and 23):

	Changes in Net Position					
	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,427,963	\$ 390,402	\$ 2,818,365	\$ 2,038,673	\$ 333,647	\$ 2,372,320
Grants and contributions:						
Operating	583,521	-	583,521	572,640	-	572,640
Capital	21,954	-	21,954	278,623	-	278,623
General revenues:						
Property taxes and assessments	4,954,802	-	4,954,802	3,998,193	-	3,998,193
Sales and use tax	499,753	-	499,753	652,398	-	652,398
Property transfer tax	245,719	-	245,719	235,680	-	235,680
Franchises	474,533	-	474,533	438,724	-	438,724
Business licenses	157,804	-	157,804	138,685	-	138,685
Fines and forfeitures	58,087	-	58,087	67,877	-	67,877
Use of money and property	40,765	3,296	44,061	25,077	1,578	26,655
Other general revenues	246,589	-	246,589	725,888	-	725,888
<b>Total revenues</b>	<b>9,711,490</b>	<b>393,698</b>	<b>10,105,188</b>	<b>9,172,458</b>	<b>335,225</b>	<b>9,507,683</b>
Expenses:						
Governmental activities:						
Town Council	52,242	-	52,242	37,792	-	37,792
Administration and Finance	1,505,272	-	1,505,272	932,744	-	932,744
Planning Department	1,066,666	-	1,066,666	940,023	-	940,023
Buildings and Grounds	382,436	-	382,436	139,938	-	139,938
Town-wide Overhead	509,015	-	509,015	366,535	-	366,535
Safety Services	1,833,621	-	1,833,621	1,749,520	-	1,749,520
Trails and Stables	51,242	-	51,242	74,290	-	74,290
Barkley Fields	102,327	-	102,327	236,402	-	236,402
Library Services	102,600	-	102,600	210,552	-	210,552
Public Works	2,536,605	-	2,536,605	2,849,995	-	2,849,995
Recreation and Open Space	158,390	-	158,390	118,221	-	118,221
Business-type activities:						
Sewer Capital Improvement	-	14,716	14,716	-	24,326	24,326
Sewer Utility	-	315,387	315,387	-	242,375	242,375
Town Center Pump Sewer	-	104,197	104,197	-	86,833	86,833
Cañada Corridor Sewer	-	28,496	28,496	-	27,341	27,341
<b>Total expenses</b>	<b>8,300,416</b>	<b>462,796</b>	<b>8,763,212</b>	<b>7,656,012</b>	<b>380,875</b>	<b>8,036,887</b>
Excess (Deficiency) of revenues over expenditures before transfers	1,411,074	(69,098)	1,341,976	1,516,446	(45,650)	1,470,796
Transfers	47,800	(47,800)	-	57,834	(57,834)	-
Change in net position	1,458,874	(116,898)	1,341,976	1,574,280	(103,484)	1,470,796
Net position:						
Beginning of year	22,150,014	918,274	23,068,288	22,903,858	1,092,358	23,996,216
Adjustments	-	-	-	(2,328,124)	(70,600)	(2,398,724)
Beginning, as adjusted	22,150,014	918,274	23,068,288	20,575,734	1,021,758	21,597,492
End of year	\$ 23,608,888	\$ 801,376	\$ 24,410,264	\$ 22,150,014	\$ 918,274	\$ 23,068,288

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities**

The cost of all governmental activities this year was \$8,300,416. However, as shown in the Statement of Activities on page 22 and 23, the amount that taxpayers ultimately financed for governmental activities was \$5,266,978. Those who directly benefited from town programs paid \$2,427,963. Other governments and organizations subsidized certain programs with grants and contributions in the amount of \$583,521 for operations and \$21,954 for capital. The Town paid the remaining "public benefit" portion of government activities with \$4,954,802 in property taxes, \$1,682,485 in other general revenues, and \$40,765 in use of money and property.

Total resources available during the year to finance governmental operations were \$9,711,490. This consisted of \$3,033,438 in program revenues and \$6,678,052 in general revenues. Total governmental activities operating expenses during the year were \$8,300,416 thus net position at July 1, 2015, of \$23,068,288 increased by \$1,341,976 to \$24,410,264 primarily because of an increase in revenues, specifically increases in charges for services of \$389,290 and an increase in property taxes and assessments of \$956,609. Administration and Finance Department revenues of \$141,975 represent staff charges against deposits from mainly Building and Planning permits (per the Town's Fees and Charges document). These staff charges come from all departments from both current and older deposits. The net position of program revenues and expenses decreased 10.5% (\$500,902).

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, 2016, and 2015, are as follows:

	Operating Revenue		Operating Expenses		Net (Expense) and Changes in Net Position	
	2016	2015	2016	2015	2016	2015
<b>Governmental activities:</b>						
Town Council	\$ -	\$ -	\$ 52,242	\$ 37,792	\$ (52,242)	\$ (37,792)
Administration and Finance	141,975	53,013	1,505,272	932,744	(1,363,297)	(879,731)
Planning Department	681,857	601,807	1,066,666	940,023	(384,809)	(338,216)
Buildings and Grounds	-	-	382,436	139,938	(382,436)	(139,938)
Town-wide Overhead	-	-	509,015	366,535	(509,015)	(366,535)
Safety Services	124,300	88,708	1,833,621	1,749,520	(1,709,321)	(1,660,812)
Trails and Stables	1,176	26,818	51,242	74,290	(50,066)	(47,472)
Barkley Fields	2,186	5,760	102,327	236,402	(100,141)	(230,642)
Library Services	-	-	102,600	210,552	(102,600)	(210,552)
Public Works	1,943,766	1,971,200	2,536,605	2,849,995	(592,839)	(878,795)
Recreation and Open Space	138,178	142,630	158,390	118,221	(20,212)	24,409
<b>Total governmental activities</b>	<b>\$ 3,033,438</b>	<b>\$ 2,889,936</b>	<b>\$ 8,300,416</b>	<b>\$ 7,656,012</b>	<b>\$ (5,266,978)</b>	<b>\$ (4,766,076)</b>

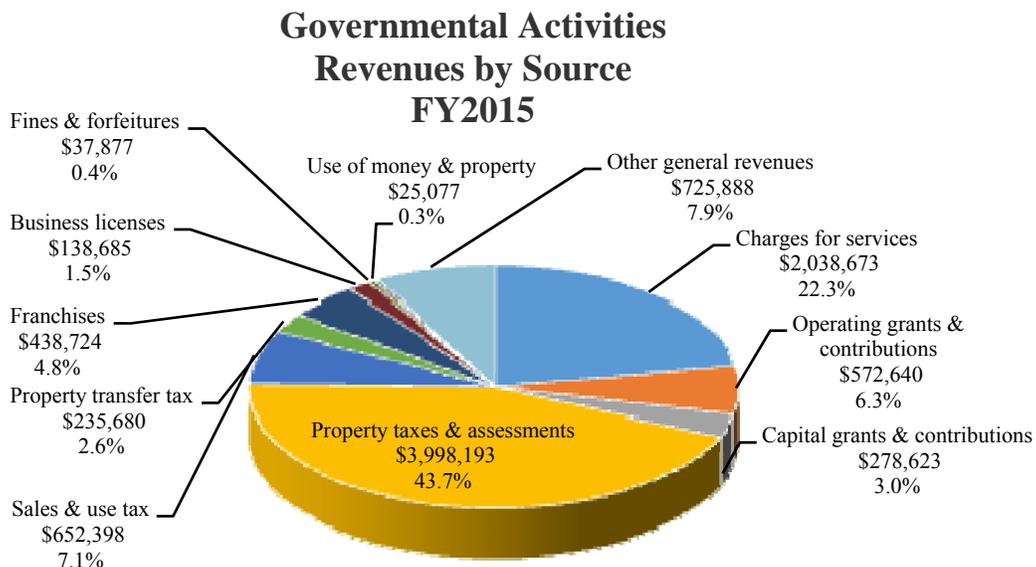
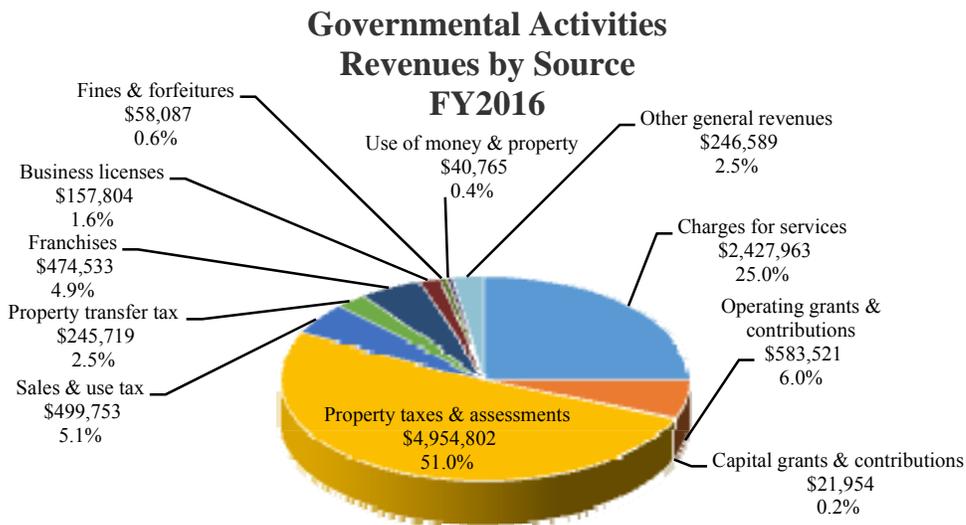
**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities, Continued**

Revenues by source for the fiscal years ended June 30, 2016, and 2015, are as follows:



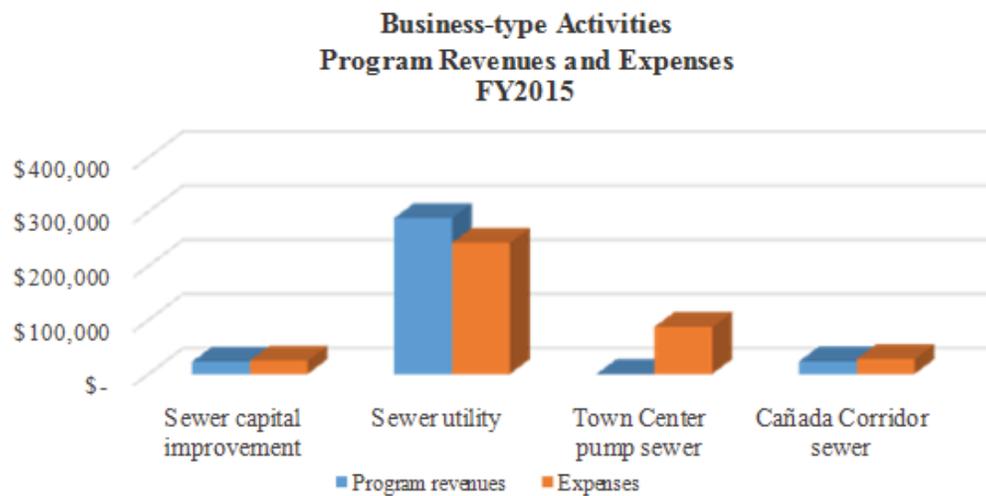
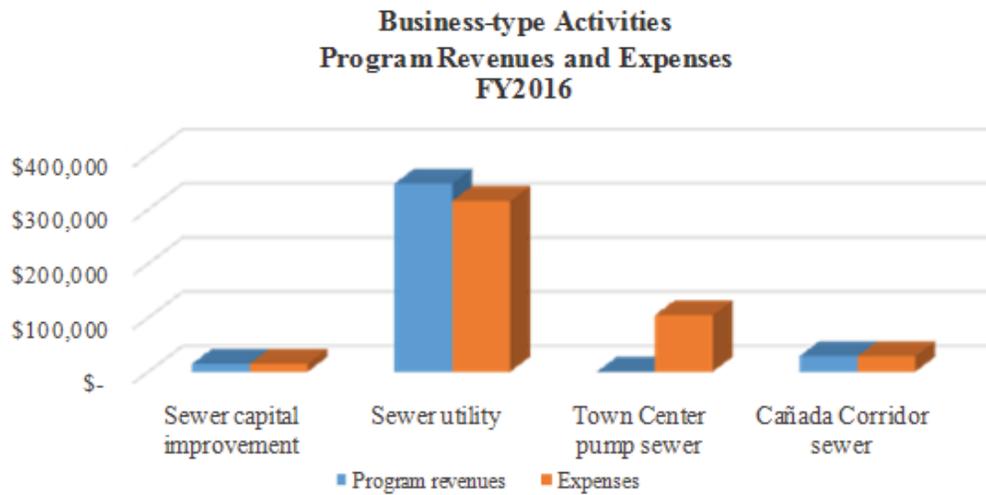
**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type Activities**

Business-type activities incurred \$462,796 in expenses during the fiscal year. The Town has four business-type funds, which are the Sewer Capital Improvement, Sewer Utility, Town Center Pump Sewer, and Cañada Corridor Sewer Funds. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2016, and 2015, are as follows:



**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type Activities, Continued**

Business-type activities total revenue for FY 2016 is \$393,698. Expenses for this year exceeded revenue by \$69,098. These revenues are received from two sources, Charges for Services \$390,402 and Investment Earnings \$3,296. 99% of the funding received for Sewer business services is derived through charges for this service; the balance is investment earnings on cash. The earnings for the Sewer funds in FY 2015 were \$335,225 and expenses exceeded revenue by \$45,650.

As reported in the Statement of Activities, the net position of the Town's Business-type Activities, as of June 30 2016, decreased \$116,898. The following table is a re-statement of the Statement of Business-type Activities outlining the components of this decrease.

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

	6/30/2016	6/30/2015	Change	% Change
<b>Revenues:</b>				
Charges for Services	\$ 390,402	\$ 333,647	\$ 56,755	17.0%
Use of money and property (interest)	3,296	1,578	1,718	108.9%
<b>Total</b>	<b>\$ 393,698</b>	<b>\$ 335,225</b>	<b>\$ 58,473</b>	<b>17.4%</b>
<b>Expenses:</b>				
Sewer Capital Improvement	\$ 14,716	\$ 24,326	\$ (9,610)	-39.5%
Sewer Utility	315,387	242,375	73,012	-
Town Center Pump Sewer	104,197	86,833	17,364	20.0%
Cañada Corridor Sewer	28,496	27,341	1,155	4.2%
<b>Total</b>	<b>\$ 462,796</b>	<b>\$ 380,875</b>	<b>\$ 81,921</b>	<b>21.5%</b>
Excess (Deficiency) of revenues over expenditures before transfers	\$ (69,098)	\$ (45,650)	\$ (23,448)	51.4%
Transfers	(47,800)	(57,834)	10,034	-17.3%
<b>Change in Net Position</b>	<b>\$ (116,898)</b>	<b>\$ (103,484)</b>	<b>\$ (13,414)</b>	<b>13.0%</b>

Expenses were higher (\$81,921) in FY 2016 due to the pre-construction expenses of \$79,873 for the Town Center Sewer Pump station improvements capital project and to a lesser extent the continuation of increasing contract Sewer transmission and treatment expenses for Cañada Corridor Sewer and the Town Center Pump Sewer. Charges for sewer services were up 17% or \$56,755 due to one new sewer connection fee in FY 2016 of \$14,250 and an overall /increase in residential and commercial sewer fees which began in fiscal year 2014. The Town is in the third year of a five-year rate adjustment that will gradually increase over the next two years. This gradual increase in revenues is projected to equal operational sewer expenses in two years and another rate review will be conducted in the next 6-9 months. There was a \$116,898 loss in FY 2016, an increase of \$13,414 or 13% over last fiscal year.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**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.

**Governmental funds.** The Town's governmental funds provide information on near-term inflows, outflows, and balances of spending resources. At the fiscal year ended June 30, 2016, the Town's governmental funds reported combined fund balances of \$8,866,293 (page 27). This is a decrease of \$608,536 or 6% from last year. The decrease results primarily from the \$2,389,925 Library remodel capital project in FY 2016. An additional category, Capital Projects, was added to the major funds to differentiate the operational and capital balances, revenues (mostly transfers from other funds), and expenditures. Overall there is a small decrease in assets \$499,721 or 5% from last year and a small increase in liabilities \$108,815 or 12%. Without the Capital Fund, there was an overall small increase in revenues and expenditures that were about the same.

- ◆ The increase of **General Fund** Cash and Investments of \$1,158,844 from FY 2015 is mostly due to a continued overall increase in most revenues. This fiscal year, there was an overall net revenue in the General Fund of \$1,461,458 (before transfers). This was reduced by an increase this fiscal year in revenues of \$183,029 and increase of expenses of \$530,966, which resulted in a net decrease of \$347,937. Changes from last fiscal year include moving staff charges against deposits (\$141,975) from an expense to a revenue and a small net increase in transfers out (\$62,009).
- ◆ There is a large decrease in the **Library Operations Fund** balance of \$2,015,208, due to the remodel of the Library in FY 2016. The Library Fund supports the Town's share of the operation and maintenance of the library facility. The Town is a party to a Joint Powers Agreement (JPA) between cities within San Mateo County. Woodside is a 'donor City' which means the County deposits property tax revenue received in excess of the costs to the JPA to operate the library into a trust account. In FY 2012 the Town received the normal distribution of the excess property tax revenue from the County, but in FY 2013 the San Mateo Library JPA began holding the excess revenue and discontinued payments to the Town of Woodside which resulted in a decrease in the revenue and the cash balance of the Library Fund from last year. Woodside's separate library account balance with the JPA as of June 30, 2016 is \$1,031,753, this is a decrease of \$434,384 in the JPA account balance from FY 2015.
- ◆ The **Measure A Fund** accounts for the Town's share of a county-wide half-cent sales tax that is dedicated to transportation related projects. There was an increase in Measure A fund balance this fiscal year of \$114,380 or 24%. The revenues from Measure A were about the same as last fiscal year and the Town's road rehabilitation Program for FY spending 2016 was less than FY 2015, resulting in less expenditures.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

- ◆ The **Capital Projects Fund** is new major fund this fiscal year, created because of the new 5-year \$12,694,500 capital improvement program budget appropriated by Town Council FY 2016. This fund reflects all the expenses for capital projects approved in the budget. Transfers in (made on a quarterly basis) from other Town funds (General, Measure A, Road Impact Fee, Gas Tax, Sewer, Library, and grants), also appropriated through the budget, reduce these capital expenses, so that the fund is close to zero at year end.

**Capital Assets**

The capital assets of the Town are those assets which are used in the performance of the Town’s functions. At June 30, 2016, net capital assets of the governmental activities totaled \$17,391,815. Depreciation on capital assets is recognized in the government-wide financial statements. The following table shows the Town’s Capital Assets net of depreciation:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Land	\$ 9,468,373	\$ 9,468,373	\$ -	\$ -
Buildings and improvements	7,575,486	5,326,715	-	-
Machinery and equipment	347,956	298,111	-	-
Pumps and collection systems	-	-	437,934	528,817
<b>Total</b>	<b>\$ 17,391,815</b>	<b>\$ 15,093,199</b>	<b>\$ 437,934</b>	<b>\$ 528,817</b>

Additional information on the Town’s capital assets can be found in Note 4 on page 63 of this report.

**Capital improvement projects** include:

- Woodside Library Remodel - \$2,424,622 (Complete remodel of Town Library, all mechanical systems-air, heat, wifi, electrical, earthquake retrofit, sewer connection, new fixtures and furnishings)
- Road Improvement Program (annual) - \$318,109
- Storm Drain Repair and Replacement - \$82,135
- Portola Road Culvert - \$13,790
- Safe Routes to School - \$24,486
- Town Center Sewer Pump Station - \$79,873

Additional information on the Town’s capital assets can be found in Note 4 on page 63 of this report.

**Long Term Liabilities**

Long term liabilities increased by \$514,869. The largest increase is due to the new GASB 68 requirement (effective June 30, 2015) that Town net pension liabilities be included in municipal financial statements. Net pension liabilities were not reported in previous years. The unfunded pension liability increased \$513,904. Additional information can be found in Note 10 on page 71 of this report. Compensated absences due at year end and the OPEB obligation stayed about the same. Additional information can be found in Note 11 on page 70 of this report.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management’s Discussion and Analysis, Continued**

**NEXT YEAR’S BUDGETED APPROPRIATIONS**

The adopted budget for all Town funds (excluding Sewer, Parking District, and Capital) for the new fiscal year of 2016-17 is \$7,522,069 and is summarized as follows:

	FY2016-17 (Budget)	FY15-16 (Actuals)	Amount Change	Percentage Change
<b>General fund:</b>				
Town Council	\$ 30,252	\$ 52,242	\$ (21,990)	(42.1)%
Administration and Finance	1,213,450	1,270,513	(57,063)	(4.5)%
Planning Department	1,162,220	1,062,581	99,639	9.4%
Buildings and Grounds	187,575	241,282	(53,707)	(22.3)%
Town-wide Overhead	405,000	460,125	(55,125)	(12.0)%
Safety Services	1,788,042	1,732,268	55,774	3.2%
Trails and Stables	66,355	51,242	15,113	29.5%
Barkley Fields	186,800	140,447	46,353	33.0%
Public Works	1,258,650	1,506,617	(247,967)	(16.5)%
Recreation and Open Space	131,120	120,270	10,850	9.0%
<b>Total general fund:</b>	<b>6,429,464</b>	<b>6,637,587</b>	<b>(208,123)</b>	<b>-3.1%</b>
<b>Special revenue funds:</b>				
Library Operations	146,015	102,600	43,415	42.3%
Measure A	386,150	296,402	89,748	30.3%
Traffic Safety	35,000	42,053	(7,053)	(16.8)%
Road Impact Fees	271,810	234,075	37,735	16.1%
Gas Tax	153,630	88,347	65,283	73.9%
Supplemental Law Enforcement	100,000	100,000	-	0.0%
<b>Total special revenue funds:</b>	<b>1,092,605</b>	<b>863,477</b>	<b>229,128</b>	<b>26.5%</b>
<b>Total Budget:</b>	<b>\$ 7,522,069</b>	<b>\$ 7,501,064</b>	<b>\$ 21,005</b>	

1. General Fund – Increases in the General Fund budget include lower than budgeted expenses at Barkley Field in FY 2016, Planning Department support staff and contracts increases, and Safety Services annual increase in the San Mateo County Sheriffs contract with the Town. Decreases include Town Council because of local election expenses in FY 2016 (and none in FY 2017), Public Works because of transitioning/retirement of staff and contractors, and Administration and Overhead Departments because of completion of software contract and maintenance and repair of Town Hall.
2. Library Operations – Library FY16 budget was less because of the Library closure during the remodel. FY 2017 the Library is fully operational.
3. Measure A– The actual from FY 2016 is a little less because of a smaller road rehabilitation project in FY 2016. Also, this fund will be used for Safe Routes to School in FY 2017.

**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Management's Discussion and Analysis, Continued**

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**NEXT YEAR'S BUDGETED APPROPRIATIONS, Continued**

4. Traffic Safety – The actual from FY 2016 and next year's budget are about the same.
5. Road Impact Fees – The road impact projects increased because the revenue source from building and planning permits increased.
6. Gas Tax – The gas tax projects increased because the revenue source from gas taxes increased.
7. Supplemental Law Enforcement - Budget from year to year remained 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, need additional financial information, or would like to obtain component unit financial statements, contact the Town of Woodside Finance Department, P.O. Box 620005, Woodside, CA 94062, or visit the Town's web page at [www.woodsidesidtown.org](http://www.woodsidesidtown.org).

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## **BASIC FINANCIAL STATEMENTS**

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# Town of Woodside, California

## Statement of Net Position

June 30, 2016

ASSETS	Governmental Activities	Business-type Activities	Total
<b>Current assets:</b>			
Cash and investments	\$ 9,449,764	\$ 453,026	\$ 9,902,790
Receivables:			
Accounts receivable	75,890	3,190	79,080
Interest receivable	14,479	1,470	15,949
Intergovernmental receivable	37,027	-	37,027
Taxes receivable	171,115	-	171,115
Other receivables	4,116	-	4,116
<b>Total current assets</b>	<u>9,752,391</u>	<u>457,686</u>	<u>10,210,077</u>
<b>Noncurrent assets:</b>			
Capital assets:			
Nondepreciable	9,468,373	-	9,468,373
Depreciable	7,923,442	437,934	8,361,376
<b>Total noncurrent assets</b>	<u>17,391,815</u>	<u>437,934</u>	<u>17,829,749</u>
<b>Total assets</b>	<u>27,144,206</u>	<u>895,620</u>	<u>28,039,826</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	1,176,816	30,529	1,207,345
<b>Total assets and deferred outflows of resources</b>	<u>\$ 28,321,022</u>	<u>\$ 926,149</u>	<u>\$ 29,247,171</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ 344,548	\$ 27,956	\$ 372,504
Deposits payable	541,550	-	541,550
Compensated absences - current portion	25,991	-	25,991
<b>Total current liabilities</b>	<u>912,089</u>	<u>27,956</u>	<u>940,045</u>
<b>Noncurrent liabilities:</b>			
Long-term liabilities:			
Claims liabilities			
Compensated absences	233,920	-	233,920
Net OPEB obligation	145,562	-	145,562
Net pension liability	2,506,534	72,096	2,578,630
<b>Total noncurrent liabilities</b>	<u>2,886,016</u>	<u>72,096</u>	<u>2,958,112</u>
<b>Total liabilities</b>	<u>3,798,105</u>	<u>100,052</u>	<u>3,898,157</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	914,029	24,721	938,750
<b>Total deferred inflows of resources</b>	<u>914,029</u>	<u>24,721</u>	<u>938,750</u>
<b>NET POSITION</b>			
Net investment in capital assets	17,391,815	437,934	17,829,749
Restricted	1,473,067	-	1,473,067
Unrestricted	4,744,006	363,442	5,107,448
<b>Total net position</b>	<u>23,608,888</u>	<u>801,376</u>	<u>24,410,264</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 28,321,022</u>	<u>\$ 926,149</u>	<u>\$ 29,247,171</u>

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

# Town of Woodside, California

## Statement of Activities

For the year ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
Town Council	\$ 52,242	\$ -	\$ -	\$ -
Administration and Finance	1,505,272	141,975	-	-
Planning Department	1,066,666	659,903	-	21,954
Buildings and Grounds	382,436	-	-	-
Town-wide Overhead	509,015	-	-	-
Safety Services	1,833,621	-	124,300	-
Trails and Stables	51,242	1,176	-	-
Barkley Fields	140,447	2,186	-	-
Library Services	102,600	-	-	-
Public Works	2,536,605	1,484,545	459,221	-
Recreation and Open Space	120,270	138,178	-	-
<b>Total governmental activities</b>	<b>8,300,416</b>	<b>2,427,963</b>	<b>583,521</b>	<b>21,954</b>
Business-type activities:				
Sewer Capital Improvement	14,716	14,250	-	-
Sewer Utility	315,387	347,446	-	-
Town Center Pump Sewer	104,197	-	-	-
Cañada Corridor Sewer	28,496	28,706	-	-
<b>Total business-type activities</b>	<b>462,796</b>	<b>390,402</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 8,763,212</b>	<b>\$ 2,818,365</b>	<b>\$ 583,521</b>	<b>\$ 21,954</b>

General revenues:

Taxes:

Property taxes, levied for general purposes

Sales and use tax

Property transfer tax

Franchises

Business licenses

Fines and forfeitures

Use of money and property

Other general revenues

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning of year

Adjustments

Beginning, as adjusted

Net position - Ending

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (52,242)	\$ -	\$ (52,242)
(1,363,297)	-	(1,363,297)
(384,809)	-	(384,809)
(382,436)	-	(382,436)
(509,015)	-	(509,015)
(1,709,321)	-	(1,709,321)
(50,066)	-	(50,066)
(138,261)	-	(138,261)
(102,600)	-	(102,600)
(592,839)	-	(592,839)
17,908	-	17,908
(5,266,978)	-	(5,266,978)
-	(466)	(466)
-	32,059	32,059
-	(104,197)	(104,197)
-	210	210
-	(72,394)	(72,394)
\$ (5,266,978)	\$ (72,394)	\$ (5,339,372)
4,954,802	-	4,954,802
499,753	-	499,753
245,719	-	245,719
474,533	-	474,533
157,804	-	157,804
58,087	-	58,087
40,765	3,296	44,061
246,589	-	246,589
6,678,052	3,296	6,681,348
47,800	(47,800)	-
6,725,852	(44,504)	6,681,348
1,458,874	(116,898)	1,341,976
22,150,014	918,274	23,068,288
-	-	-
22,150,014	918,274	23,068,288
\$ 23,608,888	\$ 801,376	\$ 24,410,264

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**FUND FINANCIAL STATEMENTS**  
**MAJOR FUNDS**

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

<b>Fund</b>	<b>Description</b>
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 (1991)	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 bridge and road repair/replacement and trail and pedestrian improvements.

**Town of Woodside, California**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Funds</b>	
		<b>Library Operations</b>	<b>Measure A</b>
<b>ASSETS</b>			
Cash and investments	\$ 7,918,360	\$ 5,098	\$ 574,544
Receivables:			
Accounts	75,890	-	-
Interest	11,467	1,396	358
Intergovernmental	-	-	26,577
Taxes receivable	171,115	-	-
Other receivable	-	-	-
Due from other funds	102,736	-	-
<b>Total assets</b>	<b>\$ 8,279,568</b>	<b>\$ 6,494</b>	<b>\$ 601,479</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 285,910	\$ 4,001	\$ 17,871
Due to other funds	-	49,901	-
Deposits payable	541,550	-	-
<b>Total liabilities</b>	<b>827,460</b>	<b>53,902</b>	<b>17,871</b>
<b>Fund balances:</b>			
Restricted reported in:			
Special revenue funds	-	-	583,608
Assigned reported in:			
Special revenue funds	-	-	-
Unassigned (deficit), reported in:			
General Fund	7,452,108	-	-
Special revenue funds	-	(47,408)	-
Capital projects funds	-	-	-
<b>Total fund balances</b>	<b>7,452,108</b>	<b>(47,408)</b>	<b>583,608</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,279,568</b>	<b>\$ 6,494</b>	<b>\$ 601,479</b>

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

<b>Major Funds</b>		
<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Totals</b>
<b>Capital Projects</b>		
\$ 6,478	\$ 945,284	\$ 9,449,764
-	-	75,890
-	1,258	14,479
-	10,450	37,027
-	-	171,115
-	4,116	4,116
-	-	102,736
<u>\$ 6,478</u>	<u>\$ 961,108</u>	<u>\$ 9,855,127</u>
\$ 17,952	\$ 18,814	\$ 344,548
-	52,835	102,736
-	-	541,550
<u>17,952</u>	<u>71,649</u>	<u>988,834</u>
-	889,459	1,473,067
-	-	-
-	-	7,452,108
-	-	(47,408)
(11,474)	-	(11,474)
<u>(11,474)</u>	<u>889,459</u>	<u>8,866,293</u>
<u>\$ 6,478</u>	<u>\$ 961,108</u>	<u>\$ 9,855,127</u>

**Town of Woodside, California**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2016**

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**Total fund balances - total governmental funds** \$ 8,866,293

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

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 17,391,815

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	\$ (259,911)	
Net OPEB obligation	(145,562)	
Net pension liability	(2,506,534)	(2,912,007)

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

Deferred outflows	1,176,816	
Deferred inflows	(914,029)	262,787

**Net position of governmental activities** **\$ 23,608,888**

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

# Town of Woodside, California

## Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

### Governmental Activities

June 30, 2016

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 9,449,764	\$ -	\$ -	\$ 9,449,764
Receivables:				
Accounts receivable	75,890	-	-	75,890
Interest receivable	14,479	-	-	14,479
Intergovernmental receivable	37,027	-	-	37,027
Taxes receivable	171,115	-	-	171,115
Other Receivables	4,116	-	-	4,116
Due from other funds	102,736	(102,736)	-	-
<b>Total current assets</b>	<u>9,855,127</u>	<u>(102,736)</u>	<u>-</u>	<u>9,752,391</u>
<b>Noncurrent assets:</b>				
Capital assets, net	-	-	17,391,815	17,391,815
<b>Total noncurrent assets</b>	<u>-</u>	<u>-</u>	<u>17,391,815</u>	<u>17,391,815</u>
<b>Total assets</b>	<u>9,855,127</u>	<u>(102,736)</u>	<u>17,391,815</u>	<u>27,144,206</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan	-	-	1,176,816	1,176,816
<b>Total assets and deferred outflows of resources</b>	<u>\$ 9,855,127</u>	<u>\$ (102,736)</u>	<u>\$ 18,568,631</u>	<u>\$ 28,321,022</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 344,548	\$ -	\$ -	\$ 344,548
Deposits payable	541,550	-	-	541,550
Due to other funds	102,736	(102,736)	-	-
Compensated absences - current	-	-	25,991	25,991
<b>Total current liabilities</b>	<u>988,834</u>	<u>(102,736)</u>	<u>25,991</u>	<u>912,089</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	-	-	233,920	233,920
Net OPEB obligation	-	-	145,562	145,562
Net pension liability	-	-	2,506,534	2,506,534
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>2,886,016</u>	<u>2,886,016</u>
<b>Total liabilities</b>	<u>988,834</u>	<u>(102,736)</u>	<u>2,912,007</u>	<u>3,798,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension plan	-	-	914,029	914,029
<b>Total deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>914,029</u>	<u>914,029</u>
<b>FUND BALANCES/NET POSITION</b>				
<b>Fund balances:</b>				
Restricted reported in:				
Special revenue funds	1,473,067	(1,473,067)	-	-
Unassigned (deficit), reported in:				
General Fund	7,452,108	(7,452,108)	-	-
Special revenue funds	(47,408)	47,408	-	-
Capital projects fund	(11,474)	11,474	-	-
<b>Net position:</b>				
Net investment in capital assets	-	-	17,391,815	17,391,815
Restricted	-	-	1,473,067	1,473,067
Unrestricted	-	8,866,293	(4,122,287)	4,744,006
<b>Total fund balances/ net position</b>	<u>8,866,293</u>	<u>-</u>	<u>14,742,595</u>	<u>23,608,888</u>
<b>Total liabilities and net position</b>	<u>\$ 9,855,127</u>	<u>\$ (102,736)</u>	<u>\$ 18,568,631</u>	<u>\$ 28,321,022</u>

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

**Town of Woodside, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2016**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Special Revenue Funds</b>	
		<b>Library Operations</b>	<b>Measure A</b>
<b>REVENUES:</b>			
Taxes and assessments	\$ 4,884,132	\$ 522,826	\$ 317,187
Licenses and permits	826,002	-	-
Fines and forfeitures	217,220	-	-
Intergovernmental	850,897	2,186	-
Use of money and property	38,218	4,183	991
Charges for services	1,125,111	-	-
Other revenues	157,465	-	-
<b>Total revenues</b>	<b>8,099,045</b>	<b>529,195</b>	<b>318,178</b>
<b>EXPENDITURES:</b>			
Current:			
Town Council	52,242	-	-
Administration and Finance	1,270,513	-	-
Planning Department	1,062,581	-	-
Buildings and Grounds	241,282	-	-
Town-wide Overhead	460,125	-	-
Safety Services	1,732,268	-	-
Trails and Stables	51,242	-	-
Barkley Fields	140,447	-	-
Library Services	-	102,600	-
Public Works	1,506,617	-	296,402
Recreation and Open Space	120,270	-	-
Capital outlay	-	-	-
<b>Total expenditures</b>	<b>6,637,587</b>	<b>102,600</b>	<b>296,402</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,461,458</b>	<b>426,595</b>	<b>21,776</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	366,800	-	600,000
Transfers out	(717,135)	(2,441,803)	(507,396)
<b>Total other financing sources (uses)</b>	<b>(350,335)</b>	<b>(2,441,803)</b>	<b>92,604</b>
<b>Net change in fund balances</b>	<b>1,111,123</b>	<b>(2,015,208)</b>	<b>114,380</b>
<b>FUND BALANCES:</b>			
Beginning of year	6,340,985	1,967,800	469,228
End of year	<b>\$ 7,452,108</b>	<b>\$ (47,408)</b>	<b>\$ 583,608</b>

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

<b>Major Funds</b>		
<b>Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 142,034	\$ 5,866,179
-	-	826,002
-	22,175	239,395
21,954	124,300	999,337
-	3,449	46,841
-	447,698	1,572,809
-	3,462	160,927
<u>21,954</u>	<u>743,118</u>	<u>9,711,490</u>
-	-	52,242
-	-	1,270,513
-	-	1,062,581
-	-	241,282
-	-	460,125
-	100,000	1,832,268
-	-	51,242
-	-	140,447
-	-	102,600
1,382	364,475	2,168,876
-	-	120,270
<u>2,866,465</u>	<u>-</u>	<u>2,866,465</u>
<u>2,867,847</u>	<u>464,475</u>	<u>10,368,911</u>
<u>(2,845,893)</u>	<u>278,643</u>	<u>(657,421)</u>
2,833,334	-	3,800,134
-	(86,000)	(3,752,334)
<u>2,833,334</u>	<u>(86,000)</u>	<u>47,800</u>
(12,559)	192,643	(609,621)
<u>1,085</u>	<u>696,816</u>	<u>9,475,914</u>
<u>\$ (11,474)</u>	<u>\$ 889,459</u>	<u>\$ 8,866,293</u>

**Town of Woodside, California**

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

**For the year ended June 30, 2016**

Functions/Programs	Fund Based Totals	Compensated Absences	Capital Asset (Additions), Depreciation	Retirements & Adjustments	OPEB Obligation	Pension Plan	Government- wide Totals
<b>Governmental activities:</b>							
Town Council	\$ 52,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,242
Administration and Finance	1,270,513	(38)	2,503	1,050	1,003	230,241	1,505,272
Planning Department	1,062,581	-	4,085	-	-	-	1,066,666
Buildings and Grounds	241,282	-	141,154	-	-	-	382,436
Town-wide Overhead	460,125	-	48,890	-	-	-	509,015
Safety Services	1,832,268	-	1,353	-	-	-	1,833,621
Trails and Stables	51,242	-	-	-	-	-	51,242
Barkley Fields	140,447	-	-	-	-	-	140,447
Library Services	102,600	-	-	-	-	-	102,600
Public Works	2,168,876	-	19,826	347,903	-	-	2,536,605
Recreation and Open Space	120,270	-	-	-	-	-	120,270
Capital outlay	2,866,465	-	-	(2,866,465)	-	-	-
Debt service/Interest	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 10,368,911</b>	<b>\$ (38)</b>	<b>\$ 217,811</b>	<b>\$ (2,517,512)</b>	<b>\$ 1,003</b>	<b>\$ 230,241</b>	<b>\$ 8,300,416</b>

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

**Town of Woodside, California**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the year ended June 30, 2016**

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**Net change in fund balances - total governmental funds** \$ (609,621)

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

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

Capital asset purchases capitalized	\$ 2,518,562	
Capital asset adjustments	(1,050)	
Depreciation expense	<u>(217,811)</u>	2,299,701
Change in compensated absences	38	
Change in net pension liability	<u>(230,241)</u>	(230,203)

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

Net OPEB obligation		(1,003)
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<b>Change in net position of governmental activities</b>		<u><u>\$ 1,458,874</u></u>
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The accompanying notes are an integral part of these basic financial statements.

**Town of Woodside, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - General Fund and Major Special Revenue Funds**  
**For the year ended June 30, 2016**

	<b>General Fund</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 4,411,139	\$ 4,411,139	\$ 4,884,132	\$ 472,993
Licenses and permits	584,300	584,300	826,002	241,702
Fines and forfeitures	21,000	21,000	217,220	196,220
Intergovernmental	692,000	692,000	850,897	158,897
Use of money and property	14,000	14,000	38,218	24,218
Charges for services	878,200	878,200	1,125,111	246,911
Other revenues	41,000	41,000	157,465	116,465
<b>Total revenues</b>	<b>6,641,639</b>	<b>6,641,639</b>	<b>8,099,045</b>	<b>1,457,406</b>
<b>EXPENDITURES:</b>				
Current:				
Town Council	40,210	40,210	52,242	(12,032)
Administration and Finance	1,270,513	1,294,513	1,270,513	24,000
Planning Department	1,145,791	1,156,791	1,062,581	94,210
Buildings and Grounds	187,126	188,376	241,282	(52,906)
Town-wide Overhead	460,125	460,125	460,125	-
Safety Services	1,807,925	1,957,925	1,732,268	225,657
Trails and Stables	66,253	67,303	51,242	16,061
Barkley Fields	151,770	151,770	140,447	11,323
Library Services	-	-	-	-
Public Works	1,309,944	1,317,644	1,506,617	(188,973)
Recreation and Open Space	145,820	145,820	120,270	25,550
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>6,585,477</b>	<b>6,780,477</b>	<b>6,637,587</b>	<b>142,890</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>56,162</b>	<b>(138,838)</b>	<b>1,461,458</b>	<b>1,600,296</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	366,800	366,800	366,800	-
Transfers out	(971,000)	(971,000)	(717,135)	253,865
<b>Total other financing sources (uses)</b>	<b>(604,200)</b>	<b>(604,200)</b>	<b>(350,335)</b>	<b>253,865</b>
<b>Net change in fund balances</b>	<b>(548,038)</b>	<b>(743,038)</b>	<b>1,111,123</b>	<b>1,854,161</b>
<b>FUND BALANCES:</b>				
Beginning of year	6,340,985	6,340,985	6,340,985	-
End of year	<b>\$ 5,792,947</b>	<b>\$ 5,597,947</b>	<b>\$ 7,452,108</b>	<b>\$ 1,854,161</b>

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

Library Operations				Measure A			
Budgeted Amounts		Actual	Variance w/Final	Budgeted Amounts		Actual	Variance w/Final
Original	Final		Positive (Negative)	Original	Final		Positive (Negative)
1,255,548	1,255,548	\$ 522,826	\$ (732,722)	\$ 285,000	285,000	\$ 317,187	\$ 32,187
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	2,186	2,186	-	-	-	-
6,000	6,000	4,183	(1,817)	750	750	991	241
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,261,548	1,261,548	529,195	(732,353)	285,750	285,750	318,178	32,428
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
111,245	111,245	102,600	8,645	-	-	-	-
-	-	-	-	221,312	221,312	296,402	(75,090)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
111,245	111,245	102,600	8,645	221,312	221,312	296,402	(75,090)
1,150,303	1,150,303	426,595	(723,708)	64,438	64,438	21,776	(42,662)
-	-	-	-	600,000	600,000	600,000	-
(3,011,000)	(3,011,000)	(2,441,803)	569,197	(734,340)	(734,340)	(507,396)	226,944
(3,011,000)	(3,011,000)	(2,441,803)	569,197	(134,340)	(134,340)	92,604	226,944
(1,860,697)	(1,860,697)	(2,015,208)	(154,511)	(69,902)	(69,902)	114,380	184,282
1,967,800	1,967,800	1,967,800	-	469,228	469,228	469,228	-
\$ 107,103	\$ 107,103	\$ (47,408)	\$ (154,511)	\$ 399,326	\$ 399,326	\$ 583,608	\$ 184,282

**Town of Woodside, California**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget to Actual - Capital Projects Fund**  
**For the year ended June 30, 2016**

	<b>Capital Projects</b>			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 21,954	\$ 21,954
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>21,954</b>	<b>21,954</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	-	-	1,382	(1,382)
Capital outlay	4,143,500	4,143,500	2,866,465	1,277,035
<b>Total expenditures</b>	<b>4,143,500</b>	<b>4,143,500</b>	<b>2,867,847</b>	<b>1,275,653</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(4,143,500)</b>	<b>(4,143,500)</b>	<b>(2,845,893)</b>	<b>1,297,607</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	2,833,334	2,833,334
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,833,334</b>	<b>2,833,334</b>
<b>Net change in fund balances</b>	<b>(4,143,500)</b>	<b>(4,143,500)</b>	<b>(12,559)</b>	<b>4,130,941</b>
<b>FUND BALANCES:</b>				
Beginning of year	1,085	1,085	1,085	-
End of year	<b>\$ (4,142,415)</b>	<b>\$ (4,142,415)</b>	<b>\$ (11,474)</b>	<b>\$ 4,130,941</b>

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

## PROPRIETARY FUNDS

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

All of the Town's Enterprise Funds have been identified as major proprietary funds for fiscal year 2013-2014.

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

**Town of Woodside, California**  
**Statement of Net Position**  
**Enterprise Funds**  
**June 30, 2016**

	<u>Sewer Capital Improvement</u>	<u>Sewer Utility</u>	<u>Town Center Pump Sewer</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and investments	\$ 151,003	\$ 136,656	\$ 144,804
Receivables:			
Accounts	-	2,654	-
Interest	268	632	196
<b>Total current assets</b>	<u>151,271</u>	<u>139,942</u>	<u>145,000</u>
<b>Noncurrent assets:</b>			
Capital assets, net	-	0	149,755
<b>Total assets</b>	<u>151,271</u>	<u>139,942</u>	<u>294,755</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Plan	10,713	19,816	-
<b>Total assets and deferred outflows of resources</b>	<u>161,984</u>	<u>159,758</u>	<u>294,755</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 27,956	\$ -
<b>Total current liabilities</b>	<u>-</u>	<u>27,956</u>	<u>-</u>
<b>Noncurrent liabilities:</b>			
Unearned revenues	-	-	-
Net pension liability	27,021	45,075	-
<b>Total liabilities</b>	<u>27,021</u>	<u>73,031</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan	8,921	15,800	-
<b>Total deferred inflows of resources</b>	<u>8,921</u>	<u>15,800</u>	<u>-</u>
<b>Net Position:</b>			
Net investment in capital assets	-	-	149,755
Unrestricted	126,042	70,927	145,000
<b>Total Net Position</b>	<u>126,042</u>	<u>70,927</u>	<u>294,755</u>
<b>Total liabilities, deferred inflows of resources and net position</b>	<u>\$ 161,984</u>	<u>\$ 159,758</u>	<u>\$ 294,755</u>

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

<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ 20,563	\$ 453,026
536	3,190
374	1,470
<u>21,473</u>	<u>457,686</u>
288,179	437,934
<u>\$ 309,652</u>	<u>\$ 895,620</u>
-	30,529
<u>309,652</u>	<u>926,149</u>
\$ -	\$ 27,956
-	27,956
-	-
-	72,096
-	<u>100,052</u>
-	24,721
-	<u>24,721</u>
288,179	437,934
21,473	363,442
<u>309,652</u>	<u>801,376</u>
<u>\$ 309,652</u>	<u>\$ 926,149</u>

**Town of Woodside, California**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Enterprise Funds**  
**For the year ended June 30, 2016**

	<b>Sewer Capital Improvement</b>	<b>Sewer Utility</b>	<b>Town Center Pump Sewer</b>
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 14,250	\$ 301,098	\$ -
Other	-	46,348	-
<b>Total operating revenues</b>	<b>14,250</b>	<b>347,446</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>			
Salaries and benefits	14,716	42,857	-
Professional services	-	184,791	-
Materials and supplies	-	87,739	29,324
Depreciation	-	-	74,873
<b>Total operating expenses</b>	<b>14,716</b>	<b>315,387</b>	<b>104,197</b>
<b>OPERATING INCOME(LOSS)</b>	<b>(466)</b>	<b>32,059</b>	<b>(104,197)</b>
<b>NONOPERATING REVENUES:</b>			
Interest revenue	551	1,779	-
<b>Total non-operating revenues, net</b>	<b>551</b>	<b>1,779</b>	<b>-</b>
<b>NET INCOME BEFORE TRANSFERS</b>	<b>85</b>	<b>33,838</b>	<b>(104,197)</b>
Transfers in	-	-	-
Transfers out	-	(30,000)	(14,000)
<b>Total transfers</b>	<b>-</b>	<b>(30,000)</b>	<b>(14,000)</b>
<b>CHANGE IN NET POSITION</b>	<b>85</b>	<b>3,838</b>	<b>(118,197)</b>
<b>NET POSITION:</b>			
Beginning of year	125,957	67,089	412,952
End of year	<u>\$ 126,042</u>	<u>\$ 70,927</u>	<u>\$ 294,755</u>

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

<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ 28,706	\$ 344,054
-	46,348
<u>28,706</u>	<u>390,402</u>
-	57,573
-	184,791
12,486	129,549
16,010	90,883
<u>28,496</u>	<u>462,796</u>
<u>210</u>	<u>(72,394)</u>
966	3,296
<u>966</u>	<u>3,296</u>
1,176	(69,098)
-	-
<u>(3,800)</u>	<u>(47,800)</u>
<u>(3,800)</u>	<u>(47,800)</u>
(2,624)	(116,898)
312,276	918,274
<u>\$ 309,652</u>	<u>\$ 801,376</u>

**Town of Woodside, California**  
**Statement of Cash Flows**  
**Enterprise Funds**  
**For the year ended June 30, 2016**

	<b>Sewer Capital Improvement</b>	<b>Sewer Utility</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received (refunds paid) from (to) customers/users for services provided	\$ 14,250	\$ 344,892
Cash payments to suppliers for goods and services	-	(253,811)
Cash payments to employees for services	(13,063)	(39,282)
<b>Net cash provided by operating activities</b>	<u>1,187</u>	<u>51,799</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Operating grants received	-	-
Transfers received (paid)	-	(30,000)
<b>Net cash used by noncapital financing activities</b>	<u>-</u>	<u>(30,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	-	-
<b>Net cash (used) by capital and related financing activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	483	1,147
<b>Net cash provided by investing activities</b>	<u>483</u>	<u>1,147</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,670	22,946
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	149,333	113,710
End of year	<u>\$ 151,003</u>	<u>\$ 136,656</u>
<b>Reconciliation of income from operations to net cash provided by operating activities:</b>		
Operating income (loss)	\$ (466)	\$ 32,059
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Pension expense	1,653	3,575
(Increase) decrease in current assets:		
Accounts receivable	-	(2,554)
Loans receivable	4,836	-
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	-	18,719
Unearned revenues	(4,836)	-
<b>Net cash provided by operating activities</b>	<u>\$ 1,187</u>	<u>\$ 51,799</u>

**There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2016.**

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

<b>Town Center Pump Sewer</b>	<b>Cañada Corridor Sewer</b>	<b>Totals</b>
\$ -	\$ 28,170	\$ 387,312
(29,324)	(12,486)	(295,621)
-	-	(52,345)
(29,324)	15,684	39,346
-	-	-
(14,000)	(3,800)	(47,800)
(14,000)	(3,800)	(47,800)
-	-	-
-	-	-
251	599	2,480
251	599	2,480
(43,073)	12,483	(5,974)
187,877	8,080	459,000
\$ 144,804	\$ 20,563	\$ 453,026
\$ (104,197)	\$ 210	\$ (72,394)
74,873	16,010	90,883
-	-	5,228
-	(536)	(3,090)
-	-	4,836
-	-	18,719
-	-	(4,836)
\$ (29,324)	\$ 15,684	\$ 39,346

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## **FIDUCIARY FUNDS**

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

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

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1999 Woodside Road/Whiskey Hill Road Parking District

Trail Gifts and Donations Fund

Mathiesen House

Marva Oaks

Town Hall Window Fund

Barkley Reserve Deposit Fund

Arts and Culture Fund

**Town of Woodside, California**  
**Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2016**

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	<b>ASSETS</b>	<u><b>Totals</b></u>
Cash and investments		\$ 444,012
Receivables:		
Interest		<u>1,392</u>
<b>Total assets</b>		<u><u>\$ 730,404</u></u>
	<b>LIABILITIES</b>	
Due to others		<u>\$ 730,404</u>
<b>Total liabilities</b>		<u><u>\$ 730,404</u></u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Town of Woodside, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2016**

**Index to Notes to Basic Financial Statements**

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**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

***Financial Reporting Entity***

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

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Presentation*

*Government-Wide Financial Statements*

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

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

*Fund Financial Statements*

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Presentation, Continued*

The Town reports the following major funds:

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

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

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

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

*Special Revenue Funds*

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

**Proprietary Funds**

*Enterprise Funds*

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Presentation, Continued*

**Fiduciary Funds**

*Agency Funds*

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

*Measurement Focus*

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

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

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

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

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

*Basis of Accounting*

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Accounting, Continued*

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

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

*Assets, Liabilities, and Equity*

**Cash Deposits and Investments**

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

**Receivables**

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

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Basis of Accounting, Continued*

**Prepaid Items**

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

**Capital Assets**

The Town's assets are capitalized at historical cost or estimated historical cost, if actual is unavailable, except for donated Capital Assets which are recorded at their estimated fair value at the date of donation. Policy has set the capitalization threshold for reporting at \$5,000 for non-infrastructure capital assets and \$25,000 for infrastructure capital assets.

*Government-Wide Statements*

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

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

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

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

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

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

*Fund Financial Statements*

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Compensated Absences**

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

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

**Unearned Revenues**

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

**Deferred outflows/inflows of resources**

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Equity Classification**

*Government-Wide Statements*

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

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

*Fund Financial Statements*

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

***Nonspendable Fund Balance*** –

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

***Restricted Fund Balance*** –

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

***Committed Fund Balance*** –

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Equity Classification, *continued***

***Assigned Fund Balance –***

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

***Unassigned Fund Balance –***

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

***Revenues, Expenditures, and Expenses***

**Property Tax**

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

**Interfund Transfers**

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

**Budgetary Accounting**

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

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

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2016. 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.

**Reclassifications**

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**2. CASH AND INVESTMENTS**

At June 30, 2016, the Town's pooled cash and investments, classified by maturity, consisted of the following stated at fair value:

	<u>Not rated</u>	<u>Fair Market Value</u>
<u>Cash equivalents and investments pooled</u>		
Pooled cash, at fair value		
Cash in bank	\$ 1,074,046	\$ 1,074,046
Petty cash	600	600
Total pooled items	<u>1,074,646</u>	<u>1,074,646</u>
Pooled investments, at fair value		
<u>Interest obligations</u>		
State of California Local Agency Investment Fund	9,271,682	9,271,682
Total pooled investments - interest obligations	<u>9,271,682</u>	<u>9,271,682</u>
Total cash equivalents and investments pooled	<u>\$ 10,346,328</u>	<u>\$ 10,346,328</u>
<b>Amounts reported in:</b>		
Governmental activities		\$ 9,449,764
Business-type activities		453,026
Fiduciary activities - Agency Funds		443,538
<b>Total</b>		<u>\$ 10,346,328</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Average Annual Yield</u>
Local Agency Investment Fund	9,271,682	0.46	0.434%
Total fair value	<u>\$ 9,271,682</u>		
Portfolio weighted average maturity		0.46	

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**2. CASH AND INVESTMENTS, Continued**

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

The Town participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested 1.55% of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk such as changes in interest rates.

*Custodial credit risk* – deposits. For deposits, this is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2016, the Town had a balance of \$749,863.

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

At June 30, 2016, the carrying amount of the Town’s deposits was \$1,074,046 and the balances in financial institutions were \$999,863. Of the balance in financial institutions, the amount was within the \$250,000 covered by federal depository insurance. Of the balance in financial institutions, \$250,000 was covered by federal depository insurance and \$749,863 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 City and other governmental agencies, but not in the name of the City. Investments were held by the custodial agent, and were insured up to specified limits by the Securities Investor Protection Corporation (SPIC) and supplemental private insurance up to a limit of \$150 million.

**Investment in LAIF:** LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. As of June 30, 2016, the total fair value amount invested by all public agencies in LAIF is \$22,712,084,628 of which the Town’s fair value amount is \$9,271,682. Of the total invested, 1.55% was invested in Structured Notes and Asset-Backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Town’s investment in this pool is reported in the accompanying financial statements at amounts based upon the Town’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts	\$ 75,890	\$ 3,190	\$ -	\$ 79,080
Interest	14,479	1,470	1,391	17,340
Intergovernmental	37,027	-	-	37,027
Taxes	171,115	-	285,000	456,115
Loans	-	-	-	-
Other	4,116	-	-	4,116
Total accounts receivable	<u>\$ 302,627</u>	<u>\$ 4,660</u>	<u>\$ 286,391</u>	<u>\$ 593,678</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	83.1%
Individuals / Businesses	14.0%
Financial	2.9%

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

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions/ Adjustments	Balance June 30, 2016
<b>Governmental activities:</b>				
<b>Nondepreciable assets:</b>				
Land	\$ 9,468,373	\$ -	\$ -	\$ 9,468,373
<b>Total nondepreciable assets</b>	<u>9,468,373</u>	<u>-</u>	<u>-</u>	<u>9,468,373</u>
<b>Depreciable assets:</b>				
Buildings and improvements	7,057,683	2,389,925	-	9,447,608
Machinery & equipment	1,080,964	128,637	-	1,209,601
<b>Total depreciable assets</b>	<u>8,138,647</u>	<u>2,518,562</u>	<u>-</u>	<u>10,657,209</u>
<b>Total</b>	<u>17,607,020</u>	<u>2,518,562</u>	<u>-</u>	<u>20,125,582</u>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(1,730,968)	(141,154)	-	(1,872,122)
Machinery & equipment	(782,853)	(76,657)	(2,135)	(861,645)
<b>Total accumulated depreciation</b>	<u>(2,513,821)</u>	<u>(217,811)</u>	<u>(2,135)</u>	<u>(2,733,767)</u>
<b>Net depreciable assets</b>	<u>5,624,826</u>	<u>2,300,751</u>	<u>(2,135)</u>	<u>7,923,442</u>
<b>Total net capital assets</b>	<u>\$ 15,093,199</u>	<u>\$ 2,300,751</u>	<u>\$ (2,135)</u>	<u>\$ 17,391,815</u>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**4. CAPITAL ASSETS, Continued**

	Balance July 1, 2015	Additions	Deletions/ Adjustment	Balance June 30, 2016
<b><u>Business-type activities</u></b>				
<b>Depreciable assets:</b>				
Buildings and improvements	\$ 141,706	\$ -	\$ -	\$ 141,706
Pumps and collections system	2,726,497	-	-	2,726,497
Machinery & equipment	9,727	-	-	9,727
<b>Total depreciable assets</b>	<b>2,877,930</b>	<b>-</b>	<b>-</b>	<b>2,877,930</b>
<b>Accumulated depreciation:</b>				
Buildings and improvements	(141,706)	-	-	(141,706)
Pumps and collections system	(2,197,680)	(90,883)	-	(2,288,563)
Machinery & equipment	(9,727)	-	-	(9,727)
<b>Total accumulated depreciation</b>	<b>(2,349,113)</b>	<b>(90,883)</b>	<b>-</b>	<b>(2,439,996)</b>
<b>Total net capital assets</b>	<b>\$ 528,817</b>	<b>\$ (90,883)</b>	<b>\$ -</b>	<b>\$ 437,934</b>

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

**Governmental Activities**

Administration and Finance	\$ 2,503
Planning Department	4,085
Buildings and Grounds	141,154
Town-wide Overhead	48,890
Safety Services	1,353
Public Works	19,826
<b>Total</b>	<b>\$ 217,811</b>

**Business-Type Activities**

Town center pump sewer	\$ 74,873
Cañada Corridor sewer	16,010
<b>Total</b>	<b>\$ 90,883</b>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2016:

	Governmental Activities	Business-type Activities	Total
Accounts payable and accrued liabilities	\$ 344,548	\$ 27,956	\$ 372,504
Deposits payable	541,550	-	541,550
Total	<u>\$ 886,098</u>	<u>\$ 27,956</u>	<u>\$ 914,054</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, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Compensated Absences	\$ 259,950	\$ -	\$ (39)	\$ 259,911	\$ 25,991
Net OPEB Obligation	144,559	1,003	-	145,562	-
Net Pension Liability	2,053,056	453,478	-	2,506,534	-
Total noncurrent liabilities	<u>\$ 2,457,565</u>	<u>\$ 454,481</u>	<u>\$ (39)</u>	<u>\$ 2,912,007</u>	<u>\$ 25,991</u>

**Compensated Absences**

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

**Net OPEB Obligation**

A net OPEB obligation is the cumulative differences between annual OPEB cost and an employer's contributions to a plan. At June 30, 2016, the Town had a Net OPEB Obligation of \$145,562. See Note 11 for further discussion on OPEB.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**7. NET POSITION/ FUND BALANCES**

**Net Position**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net investment in capital assets	\$ 17,391,815	\$ 437,934
Restricted	1,473,067	-
Unrestricted	4,743,934	363,442
Total	<u>\$ 23,608,816</u>	<u>\$ 801,376</u>

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

**Fund Balance**

Restricted and Unassigned fund balance consisted of the following at June 30, 2016:

<b>Restricted:</b>	
<b>Major Funds:</b>	
Measure A	\$ 583,608
<b>Total Major Funds- Restricted</b>	<u>583,608</u>
<b>Nonmajor Funds:</b>	
Traffic Safety	28,922
Road Impact Fees	748,837
Gas Tax	94,213
Supplemental Law Enforcement Service	7,216
California Law Enforcement Equipment Program	10,271
<b>Total Nonmajor Funds- Restricted</b>	<u>889,459</u>
<b>Total Restricted</b>	<u>\$ 1,473,067</u>
<b>Unassigned (deficit):</b>	
<b>Major Funds:</b>	
General Fund	7,452,108
Library Operations	(47,408)
Capital Projects	(11,474)
<b>Total Major Funds- Unassigned</b>	<u>7,393,226</u>
<b>Total Fund Balance</b>	<u>\$ 8,866,293</u>

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**7. NET POSITION/ FUND BALANCES, Continued**

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

**Restricted**

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

Deficit fund balances consisted of the following at June 30, 2016:

**Nonmajor Special Revenue Funds:**

- Library Operations - (\$47,408)
- Capital Projects - (\$11,474)

These amounts will be eliminated over time as resources become available through grants and intergovernmental revenues.

**Excess of Expenditures and Transfers Over Appropriations:** Expenditures and transfers exceeded appropriations for the year ended June 30, 2016, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<u>Governmental Activities</u>			
Nonmajor Funds:			
Road Impact Fees Special Revenue Fund	\$ 267,079	\$ 282,075	\$ (14,996)

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**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, 2016:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>Governmental Activities</u></b>		
<b>Major Funds:</b>		
General Fund	\$ 366,800	\$ 717,135
Library Operations	-	2,441,803
Measure A	600,000	507,396
Capital Projects	2,833,334	-
Total Major Funds	<u>3,800,134</u>	<u>3,666,334</u>
<b>Non-major Funds:</b>		
<b>Special Revenue Funds:</b>		
Road Impact Fees	-	48,000
Gas Tax	-	38,000
Total Non-major Special Revenue Funds	<u>-</u>	<u>86,000</u>
Total Non-major Funds	<u>-</u>	<u>86,000</u>
Total Governmental Activities	<u>3,800,134</u>	<u>3,752,334</u>
<b><u>Business-type Activities</u></b>		
Sewer Utility	-	30,000
Town Center Pump Sewer	-	14,000
Cañada Corridor Sewer	-	3,800
Total Business-type Activities	<u>-</u>	<u>47,800</u>
<b>Total Transfers</b>	<u>\$ 3,800,134</u>	<u>\$ 3,800,134</u>

**9. RISK MANAGEMENT**

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**9. RISK MANAGEMENT, Continued**

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

Amount	Coverage Provider	Payment Source
General Liability Claims:		
up to \$25,000	Self-insured retention	Town Funds
\$25,001 - \$5,000,000	ABAG PLAN	Shared risk pool
\$5,000,001 - \$10,000,000	Insurance Company of the State of PA through ABAG	Alliant Insurance Services
\$10,000,001 - \$20,000,000	Lexington Insurance Company through ABAG	Alliant Insurance Services
Workers' Compensation Claims:		
up to \$1,000,000	State Compensation Insurance Fund	State Compensation Insurance Fund

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

***General Information about the Pension Plans***

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

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

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA Miscellaneous</u>
	Prior to	After
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0 - 2.0%
Required employee contribution rates	8.0%	6.25%
Required employer contribution rates	17.85%	6.25%

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

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

For the year ended June 30, 2016, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	PEPRA - Miscellaneous
Contributions - employer	\$ 398,564	\$ 10,595

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

As of June 30, 2016, the Town reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 2,579,100
PEPRA Miscellaneous	(470)
Total Net Pension Liability	<u>\$ 2,578,630</u>

The Town's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2015, 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, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	Miscellaneous	PEPRA - Miscellaneous
Proportion - June 30, 2014	0.03299%	0.00000%
Proportion - June 30, 2015	0.09401%	-0.00002%
Change - Increase (Decrease)	0.06102%	-0.00002%

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

For the year ended June 30, 2016, the Town recognized pension expense of \$235,468. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 338,531	\$ -
Differences between actual and expected experience	20,466	-
Changes in assumptions	-	(193,629)
Differences between the employer's contributions and the employer's proportionate share of the contributions	-	(409,159)
Net differences between projected and actual earnings on plan investments	496,307	(335,962)
Adjustment due to defferences in proproitions	352,042	-
Total	<u>\$ 1,207,346</u>	<u>\$ (938,750)</u>

\$338,531 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended 30-Jun	
2016	\$ 55,218
2017	55,218
2018	55,218
2019	43,102
2020	(138,821)
Thereafter	-

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	PEPRA - Miscellaneous
	30-Jun-14	30-Jun-14
Valuation Date	30-Jun-14	30-Jun-14
Measurement	30-Jun-15	30-Jun-15
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Projected Salary Increase	(1)	(1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Post Retirement Benefit Increase	(3)	(3)

(1) Depending on age, service, and type of employment

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

(3) Contact COLA up to 2.7% until purchasing power protection allowance on purchasing power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**10. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

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

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

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**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>	<u>PEPRA - Miscellaneous</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 4,325,331	\$ (789)
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 2,579,100	\$ (470)
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 1,137,384	\$ (207)

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

*Payable to the Pension Plan -* At June 30, 2016, the Town reported a payable of \$1,441 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**11. OTHER POST EMPLOYMENT BENEFITS**

**Plan Description.** The Town of Woodside Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the Town. The Plan provides access to lifetime healthcare benefits to eligible retirees and their dependents. The Town provides retiree medical benefits through the California Public Employees’ Retirement System healthcare program (PEMHCA). For eligible retirees and actives, the Town pays full employee premiums.

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

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

Membership of the plan consisted of the following at June 30, 2016

Retirees and beneficiaries receiving benefits	8
Current staff receiving benefits	8
Other “Classic” participants not yet fully eligible for benefits	7
“PEPRA” participants not yet fully eligible for benefits	4
<b>Total</b>	<b>27</b>

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

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

For FY 2016, the Town contributed \$164,165 to the Plan, including \$52,250 for current benefit payments and \$111,915 to prefund Plan benefits.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

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

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

Annual required contribution	\$ 164,408
Adjustment to ARC and interest received in trust	760
Annual OPEB cost (expense)	<u>165,168</u>
Contributions made to irrevocable trust	(111,915)
Contributions made (premiums paid) outside of trust	<u>(52,250)</u>
Increase (Decrease) in net OPEB obligation	1,003
Net OPEB obligation – beginning of year	144,559
Net OPEB obligation – end of year	<u><u>\$ 145,562</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for FY 2016 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$102,689	109%	\$143,992
6/30/15	108,321	99%	144,559
6/30/16	165,168	99%	145,562

**Funded Status and Funding Progress.** The funded status of the Plan as of July 1, 2015, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,677,381
Actuarial value of Plan assets	<u>408,549</u>
Unfunded actuarial accrued liability (UAAL)	\$ 1,268,832
Funded ratio (actuarial value of Plan assets/AAL)	24.35%
Covered payroll (active Plan participants)	\$ 1,854,864
UAAL as a percentage of covered payroll	68.4%

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**11. OTHER POST EMPLOYMENT BENEFITS, Continued**

*Funded Status and Funding Progress, continued*

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

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

For the July 1, 2013, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.28% investment rate of return (net of administrative expenses) and a 3.25% general inflation assumption. Health care trends were assumed to increase with a medical cost increase rate 6.7%, grading down to 5.0% for 2021 and thereafter. The Town pays the monthly premiums for retirees' medical coverage up to a maximum of \$1,000/mo. The total Unfunded Actuarial Accrued Liability calculated in the July 1, 2013, valuation was amortized as a level percentage of projected payrolls over a 30-year period beginning fiscal year 2013.

**12. COMMITMENTS AND CONTINGENCIES**

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

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**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**

The GASB has issued Statement No. 72, "Fair Value Measurement and Application". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Town implemented this statement for year ended June 30, 2016. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans", and Statement 68 for pension plans and pensions that are within their respective scopes.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**14. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The Town will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

The GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016. The Town will implement this Statement in fiscal year ending June 30, 2017.

The GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

**Town of Woodside, California**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2016**

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**14. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The Town implemented this statement for year ended June 30, 2016. The implementation of this statement did not have an effect on the financial statements.

The GASB has issued Statement No. 77, “Tax Abatement Disclosures”. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government’s current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government’s financial resources come from and how it uses them, and (4) a government’s financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Town will implement this statement, as applicable, to its financial statements for the year ending June 30, 2017.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Woodside, California**  
**Required Supplementary Information - Schedule of Funding Progress**  
**June 30, 2016**

Other Post Employment Benefits

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (b)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>
7/1/2012	\$ 156,036	\$ 895,768	\$ 739,732	17%	\$ 2,002,692
7/1/2013 <sup>1</sup>	\$ 163,447	\$ 988,309	\$ 988,309	17%	\$ 1,739,929
7/1/2014 <sup>2</sup>	\$ 235,396	\$ 1,106,555	\$ 871,159	21%	\$ 1,689,250
7/1/2015 <sup>3</sup>	\$ 313,311	\$ 1,186,503	\$ 873,192	26%	\$ 1,876,941
7/1/2016 <sup>4</sup>	\$ 408,549	\$ 1,677,381	\$ 1,268,832	24%	\$ 1,854,864

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

<sup>2</sup> The 7/1/2014 Actuarial Accrued Liability was calculated using a discount rate of 7.06%

<sup>3</sup> The 7/1/2015 Actuarial Accrued Liability was calculated using a discount rate of 7.06%

<sup>4</sup> The 7/1/2016 Actuarial Accrued Liability was calculated using a discount rate of 7.28%

## Town of Woodside, California

### Required Supplementary Information - Schedule of Contributions

Miscellaneous Plan

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 398,564	\$ 349,539
Contributions in relation to the actuarially determined contributions	<u>(398,564)</u>	<u>(349,539)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,671,271	\$ 1,575,333
Contribution as a percentage of covered-employee payroll	23.85%	22.19%

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

## Town of Woodside, California

### Required Supplementary Information - Schedule of Contributions

PEPRA Miscellaneous Plan

Last 10 Fiscal Years\*

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	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 10,595	\$ 5,346
Contributions in relation to the actuarially determined contributions	<u>(10,595)</u>	<u>(5,346)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 137,841	\$ 64,841
Contribution as a percentage of covered-employee payroll	7.69%	8.24%

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

## Town of Woodside, California

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

Miscellaneous Plan

Last 10 Fiscal Years\*

	<u>2015</u>	<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	0.09401%	0.03299%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,578,630	\$ 2,052,960
Plan's Covered-Employee Payroll	\$ 1,671,271	\$ 1,575,333
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	154.29%	130.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.72%	79.10%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 398,564	\$ 210,118

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

## Town of Woodside, California

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

PEPRA Miscellaneous Plan

Last 10 Fiscal Years\*

	<u>2015</u>		<u>2014</u>
Plan's Proportion of the Net Pension Liability/(Asset)	-0.00002%		0.00000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ (470)	\$	96
Plan's Covered-Employee Payroll	\$ 137,841	\$	64,841
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-0.34%		0.15%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	103.38%		83.04%
Plan's Proportionate Share of Aggregate Employer Contribution	\$ 10,595	\$	13

#### 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.

\* - Fiscal year 2015 was the first year of implementation, therefore only the first two years were available.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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## NON-MAJOR GOVERNMENTAL FUNDS

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

**Town of Woodside, California**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2016**

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
<b>ASSETS</b>			
Cash and investments	\$ 25,395	\$ 765,736	\$ 83,889
Restricted cash and investments			
Receivables:			
Interest	51	961	188
Intergovernmental	-	-	10,450
Other receivable	4,116	-	-
<b>Total assets</b>	<u>\$ 29,562</u>	<u>\$ 766,697</u>	<u>\$ 94,527</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 640	\$ 17,860	314
Due to other funds	-	-	-
<b>Total liabilities</b>	<u>640</u>	<u>17,860</u>	<u>314</u>
<b>Fund Balances:</b>			
Restricted:	28,922	748,837	94,213
Assigned, reported in:			
Special revenue funds	-	-	-
<b>Total fund balances</b>	<u>28,922</u>	<u>748,837</u>	<u>94,213</u>
<b>Total liabilities and fund balances</b>	<u>\$ 29,562</u>	<u>\$ 766,697</u>	<u>\$ 94,527</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ 60,005	\$ 10,259	\$ 945,284
		-
46	12	1,258
-	-	10,450
-	-	4,116
<u>\$ 60,051</u>	<u>\$ 10,271</u>	<u>\$ 961,108</u>
\$ -	\$ -	\$ 18,814
<u>52,835</u>	<u>-</u>	<u>52,835</u>
<u>52,835</u>	<u>-</u>	<u>71,649</u>
7,216	10,271	889,459
		-
<u>7,216</u>	<u>10,271</u>	<u>889,459</u>
<u>\$ 60,051</u>	<u>\$ 10,271</u>	<u>\$ 961,108</u>

**Town of Woodside, California**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds		
	Traffic Safety	Road Impact Fees	Gas Tax
<b>REVENUES:</b>			
Taxes and assessments	\$ -	\$ -	\$ 142,034
Fines and forfeitures	22,175	-	-
Intergovernmental	-	-	-
Use of money and property	150	2,687	366
Charges for services	-	447,698	-
Other revenues	3,462	-	-
<b>Total revenues</b>	<u>25,787</u>	<u>450,385</u>	<u>142,400</u>
<b>EXPENDITURES:</b>			
Current:			
Safety Services	-	-	-
Public Works	42,053	234,075	88,347
<b>Total expenditures</b>	<u>42,053</u>	<u>234,075</u>	<u>88,347</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(16,266)</u>	<u>216,310</u>	<u>54,053</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
Transfers out	-	(48,000)	(38,000)
<b>Total other financing sources (uses)</b>	-	(48,000)	(38,000)
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>(16,266)</u>	<u>168,310</u>	<u>16,053</u>
<b>FUND BALANCES:</b>			
Beginning of year	45,188	580,527	78,160
End of year	<u>\$ 28,922</u>	<u>\$ 748,837</u>	<u>\$ 94,213</u>

Supplemental Law Enforcement Service	California Law Enforcement Equipment Program	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 142,034
-	-	22,175
124,300	-	124,300
206	40	3,449
-	-	447,698
-	-	3,462
<u>124,506</u>	<u>40</u>	<u>743,118</u>
100,000	-	100,000
-	-	364,475
<u>100,000</u>	<u>-</u>	<u>464,475</u>
<u>24,506</u>	<u>40</u>	<u>278,643</u>
-	-	-
-	-	(86,000)
-	-	(86,000)
24,506	40	192,643
(17,290)	10,231	696,816
<u>\$ 7,216</u>	<u>\$ 10,271</u>	<u>\$ 889,459</u>

**Town of Woodside, California**

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

**Traffic Safety Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 32,000	\$ 32,000	\$ 22,175	\$ (9,825)
Use of money and property	200	200	150	(50)
Other revenues	1,000	1,000	3,462	2,462
<b>Total revenues</b>	<b>33,200</b>	<b>33,200</b>	<b>25,787</b>	<b>(7,413)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	32,000	45,000	42,053	2,947
<b>Total expenditures</b>	<b>32,000</b>	<b>45,000</b>	<b>42,053</b>	<b>2,947</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,200</b>	<b>(11,800)</b>	<b>(16,266)</b>	<b>(4,466)</b>
<b>Net change in fund balances</b>	<b>1,200</b>	<b>(11,800)</b>	<b>(16,266)</b>	<b>(4,466)</b>
<b>FUND BALANCES:</b>				
Beginning of year	45,188	45,188	45,188	-
End of year	\$ 46,388	\$ 33,388	\$ 28,922	\$ (4,466)

**Town of Woodside, California**

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

**Road Impact Fees Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 2,687	\$ 1,187
Charges for services	350,000	350,000	447,698	97,698
<b>Total revenues</b>	<b>351,500</b>	<b>351,500</b>	<b>450,385</b>	<b>98,885</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	219,079	219,079	234,075	(14,996)
<b>Total expenditures</b>	<b>219,079</b>	<b>219,079</b>	<b>234,075</b>	<b>(14,996)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>132,421</b>	<b>132,421</b>	<b>216,310</b>	<b>83,889</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(48,000)	(48,000)	(48,000)	-
<b>Total other financing sources (uses)</b>	<b>(48,000)</b>	<b>(48,000)</b>	<b>(48,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>84,421</b>	<b>84,421</b>	<b>168,310</b>	<b>83,889</b>
<b>FUND BALANCES:</b>				
Beginning of year	580,527	580,527	580,527	-
End of year	\$ 664,948	\$ 664,948	\$ 748,837	\$ 83,889

**Town of Woodside, California**

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

**Gas Tax Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 127,295	\$ 127,295	\$ 142,034	\$ 14,739
Use of money and property	-	-	366	366
<b>Total revenues</b>	<u>127,295</u>	<u>127,295</u>	<u>142,400</u>	<u>15,105</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>100,605</u>	<u>100,605</u>	<u>88,347</u>	<u>12,258</u>
<b>Total expenditures</b>	<u>100,605</u>	<u>100,605</u>	<u>88,347</u>	<u>12,258</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>26,690</u>	<u>26,690</u>	<u>54,053</u>	<u>27,363</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(38,000)</u>	<u>(38,000)</u>	<u>(38,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(11,310)</u>	<u>(11,310)</u>	<u>16,053</u>	<u>27,363</u>
<b>FUND BALANCES:</b>				
Beginning of year	<u>78,160</u>	<u>78,160</u>	<u>78,160</u>	<u>-</u>
End of year	<u>\$ 66,850</u>	<u>\$ 66,850</u>	<u>\$ 94,213</u>	<u>\$ 27,363</u>

**Town of Woodside, California**

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

**Supplemental Law Enforcement Services Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 124,300	\$ 24,300
<b>Total revenues</b>	<u>100,000</u>	<u>100,000</u>	<u>124,300</u>	<u>24,300</u>
<b>EXPENDITURES:</b>				
Current:				
Safety services	100,000	100,000	100,000	-
<b>Total expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	-	-	24,300	24,300
<b>Net change in fund balances</b>	-	-	24,300	24,300
<b>FUND BALANCES:</b>				
Beginning of year	(17,290)	(17,290)	(17,290)	-
End of year	<u>\$ (17,290)</u>	<u>\$ (17,290)</u>	<u>\$ 7,010</u>	<u>\$ 24,300</u>

**Town of Woodside, California**

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

**California Law Enforcement Equipment Program Special Revenue Fund**

**For the year ended June 30, 2016**

	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
Safety services	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	-	-
<b>FUND BALANCES:</b>				
Beginning of year	-	-	10,231	10,231
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,231</u>	<u>\$ 10,231</u>

<b>AGENCY FUNDS</b>
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Agency Funds account for assets held by the Town as an agent for individuals, other governments and non-public organizations.

<b>Fund</b>	<b>Description</b>
1999 Woodside Road/Whiskey Hill Road Parking District	This fund accounts for the payment of principal, interest, and administrative costs associated with the 1999 issuance of limited obligation improvement bonds for the construction of parking assessment district in Town Center, supported by special assessments against properties within the district.
Trail Gifts and Donations Fund	This fund accounts for donations made to the Town for the construction and maintenance of the Town's trail system.
Mathiesen House	This fund accounts for donations made to the Town for the Woodside Community Museum.
Marva Oaks	This fund accounts for deposits made for repairs of Marva Oaks Drive.
Town Hall Window Fund	This fund accounts for donations made to the Town window upgrades at Town Hall.
Barkley Reserve Deposit Fund	This fund accounts for funds contributed by the Town of Woodside to repair Barkley Fields and Park in the event of a failure to maintain or a catastrophic event.
Arts and Culture Fund	This fund accounts for deposits made to the Town for the Arts and Culture Committee.

**Town of Woodside, California**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2016**

	1999 Woodside Road/ Whiskey Hill Road Parking District	Trail Gifts and Donations Fund	Mathiesen House	Marva Oaks
<b>ASSETS</b>				
Cash and investments	\$ 111,155	\$ 63,577	\$ 2,586	\$ 20,955
Receivables:				
Interest	620	105	8	37
Special assessments	285,000	-	-	-
<b>Total assets</b>	<b>\$ 396,775</b>	<b>\$ 63,682</b>	<b>\$ 2,594</b>	<b>\$ 20,992</b>
<b>LIABILITIES</b>				
Due to others	\$ 396,775	\$ 63,682	\$ 2,594	\$ 20,992
<b>Total liabilities</b>	<b>\$ 396,775</b>	<b>\$ 63,682</b>	<b>\$ 2,594</b>	<b>\$ 20,992</b>

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<u>Town Hall Window Fund</u>	<u>Barkley Reserve Deposit Fund</u>	<u>Arts and Culture</u>	<u>Totals</u>
\$ 6,044	\$ 234,478	\$ 5,217	\$ 444,012
10	606	6	1,392
-	-	-	285,000
<u>\$ 6,054</u>	<u>\$ 235,084</u>	<u>\$ 5,223</u>	<u>\$ 730,404</u>
<u>\$ 6,054</u>	<u>\$ 235,084</u>	<u>\$ 5,223</u>	<u>\$ 730,404</u>
<u>\$ 6,054</u>	<u>\$ 235,084</u>	<u>\$ 5,223</u>	<u>\$ 730,404</u>

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<hr/> <b>1999 Woodside Road/Whiskey Hill Road Parking District</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 111,041	\$ 114	\$ -	\$ 111,155
Receivables:				
Interest	117	620	(117)	620
Special assessments	-	285,000	-	285,000
<b>Total assets</b>	<u>\$ 111,158</u>	<u>\$ 285,734</u>	<u>\$ (117)</u>	<u>\$ 396,775</u>
<b>LIABILITIES</b>				
Due to others	111,158	396,775	(111,158)	396,775
<b>Total liabilities</b>	<u>\$ 111,158</u>	<u>\$ 396,775</u>	<u>\$ (111,158)</u>	<u>\$ 396,775</u>
<hr/> <b>Trails Gifts and Donations Funds</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 58,772	\$ 4,805	\$ -	\$ 63,577
Receivables:				
Interest	75	105	(75)	105
<b>Total assets</b>	<u>\$ 58,847</u>	<u>\$ 4,910</u>	<u>\$ (75)</u>	<u>\$ 63,682</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 58,847	\$ 4,910	\$ (75)	\$ 63,682
<b>Total liabilities</b>	<u>\$ 58,847</u>	<u>\$ 4,910</u>	<u>\$ (75)</u>	<u>\$ 63,682</u>
<hr/> <b>Mathisen House</b> <hr/>				
<b>ASSETS</b>				
Cash and investments	\$ 8,429	\$ -	\$ (5,843)	\$ 2,586
Receivables:				
Interest	10	8	(10)	8
<b>Total assets</b>	<u>\$ 8,439</u>	<u>\$ 8</u>	<u>\$ (5,853)</u>	<u>\$ 2,594</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 8,439	\$ 8	\$ (5,853)	\$ 2,594
<b>Total liabilities</b>	<u>\$ 8,439</u>	<u>\$ 8</u>	<u>\$ (5,853)</u>	<u>\$ 2,594</u>

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

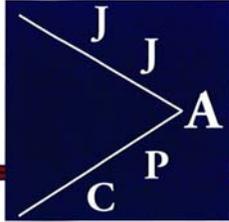
	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>Marva Oaks</b>				
<b>ASSETS</b>				
Cash and investments	\$ 20,836	\$ 119	\$ -	\$ 20,955
Receivables:				
Interest	26	37	(26)	37
<b>Total assets</b>	<u>\$ 20,862</u>	<u>\$ 156</u>	<u>\$ (26)</u>	<u>\$ 20,992</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 20,862	\$ 156	\$ (26)	\$ 20,992
<b>Total liabilities</b>	<u>\$ 20,862</u>	<u>\$ 156</u>	<u>\$ (26)</u>	<u>\$ 20,992</u>
<b>Town Hall Window Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 6,010	\$ 34	\$ -	\$ 6,044
Receivables:				
Interest	8	10	(8)	10
<b>Total assets</b>	<u>\$ 6,018</u>	<u>\$ 44</u>	<u>\$ (8)</u>	<u>\$ 6,054</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 6,018	\$ 44	\$ (8)	\$ 6,054
<b>Total liabilities</b>	<u>\$ 6,018</u>	<u>\$ 44</u>	<u>\$ (8)</u>	<u>\$ 6,054</u>
<b>Barkley Reserve Deposit Fund</b>				
<b>ASSETS</b>				
Cash and investments	\$ 233,144	\$ 1,334	\$ -	\$ 234,478
Receivables:				
Interest	495	606	(495)	606
<b>Total assets</b>	<u>\$ 233,639</u>	<u>\$ 1,940</u>	<u>\$ (495)</u>	<u>\$ 235,084</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 233,639	\$ 1,940	\$ (495)	\$ 235,084
<b>Total liabilities</b>	<u>\$ 233,639</u>	<u>\$ 1,940</u>	<u>\$ (495)</u>	<u>\$ 235,084</u>

(Continued)

**Town of Woodside, California**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the year ended June 30, 2016**

Arts and Culture	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<b>ASSETS</b>				
Cash and investments	\$ 3,611	\$ 1,606	\$ -	\$ 5,217
Receivables:				
Interest	-	6	-	6
<b>Total assets</b>	<u>\$ 3,611</u>	<u>\$ 1,612</u>	<u>\$ -</u>	<u>\$ 5,223</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 3,611	\$ 1,612	\$ -	\$ 5,223
<b>Total liabilities</b>	<u>\$ 3,611</u>	<u>\$ 1,612</u>	<u>\$ -</u>	<u>\$ 5,223</u>
<b>TOTAL OF ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 441,843	\$ 8,012	\$ (5,843)	\$ 444,012
Receivables:				
Interest	731	1,392	(731)	1,392
Special assessments	-	285,000	-	285,000
<b>Total assets</b>	<u>\$ 442,574</u>	<u>\$ 294,404</u>	<u>\$ (6,574)</u>	<u>\$ 730,404</u>
<b>LIABILITIES</b>				
Due to (from) others	\$ 442,574	\$ 405,445	\$ (117,615)	\$ 730,404
<b>Total liabilities</b>	<u>\$ 442,574</u>	<u>\$ 405,445</u>	<u>\$ (117,615)</u>	<u>\$ 730,404</u>

(Concluded)



JJACPA, Inc.

A Professional Accounting Services Corp.

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

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Town of Woodside, California (Town), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 27, 2017.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

March 27, 2017

*JJACPA, Inc.*

**JJACPA, Inc.**

**Dublin, CA**