

**CITY OF WILLOWS,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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CITY OF WILLOWS
Annual Financial Report
For the Year Ended June 30, 2021

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF WILLOWS
List of Officials
For the Year Ended June 30, 2021

City Council

Larry Domenighini	Mayor
Gary Hansen	Vice Mayor
Kerri Warren	Council Member
Joe Flesher	Council Member
Jeff Williams	Council Member

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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.

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

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, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the City Pension Plan information, City OPEB Plan information, and budgetary comparison information as listed in the table of contents 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

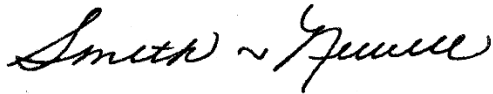
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Honorable Mayor and Members of the City Council
City of Willows
Willows, California

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2022, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Smith & Newell", written in a cursive style.

Smith & Newell CPAs
Yuba City, California
June 28, 2022

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF WILLOWS
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 3,997,898	\$ 830,279	\$ 4,828,177
Receivables:			
Accounts	51,496	54,930	106,426
Interest	9,624	2,022	11,646
Taxes	569,542	-	569,542
Intergovernmental	57,795	-	57,795
Investment in JPA	149,537	-	149,537
Prepaid costs	11,196	-	11,196
Loans receivable	5,114,344	-	5,114,344
Capital assets:			
Depreciable, net	12,057,072	9,367,243	21,424,315
Total capital assets	<u>12,057,072</u>	<u>9,367,243</u>	<u>21,424,315</u>
Total Assets	<u>22,018,504</u>	<u>10,254,474</u>	<u>32,272,978</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	9,075,855	826,878	9,902,733
Deferred OPEB adjustments	10,828	3,054	13,882
Total Deferred Outflows of Resources	<u>9,086,683</u>	<u>829,932</u>	<u>9,916,615</u>
LIABILITIES			
Accounts payable	375,574	457	376,031
Salaries and benefits payable	42,181	5,254	47,435
Interest payable	3,052	57,657	60,709
Long-term liabilities:			
Due within one year	755,579	182,752	938,331
Due in more than one year	8,029,773	6,134,981	14,164,754
Net pension liability	7,925,004	722,027	8,647,031
Net OPEB liability	94,667	26,701	121,368
Total Liabilities	<u>17,225,830</u>	<u>7,129,829</u>	<u>24,355,659</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	351,598	32,033	383,631
Deferred OPEB adjustments	6,424	1,812	8,236
Total Deferred Inflows of Resources	<u>358,022</u>	<u>33,845</u>	<u>391,867</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

CITY OF WILLOWS
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Totals
NET POSITION			
Net investment in capital assets	11,140,509	3,776,243	14,916,752
Restricted for:			
General government	217,822	-	217,822
Public protection	195,035	-	195,035
Public ways and facilities	1,698,587	-	1,698,587
Community development	5,373,411	-	5,373,411
Recreation and culture	345,082	-	345,082
Education	277,053	-	277,053
Unrestricted	(5,726,164)	144,489	(5,581,675)
Total Net Position	\$ 13,521,335	\$ 3,920,732	\$ 17,442,067

The notes to the basic financial statements are an integral part of this statement.

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CITY OF WILLOWS
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions Capital Grants and Contributions
Governmental activities:			
General government	\$ 1,705,254	\$ 193,517	\$ 160
Public protection	2,665,035	77,171	90,298
Public ways and facilities	984,997	145,804	1,456,489
Community development	119,429	-	2,687,097
Recreation and culture	220,939	1,019	2,105
Education	269,919	403	239,632
Interest on long-term debt	234,335	-	-
Total Governmental Activities	6,199,908	417,914	4,475,781
Business-type activities:			
Water	13,211	4,226	-
Sewer	1,173,381	1,683,976	-
Interest on long-term debt	230,962	-	-
Total Business-Type Activities	1,417,554	1,688,202	-
Total	\$ 7,617,462	\$ 2,106,116	\$ 4,475,781

General revenues:

Taxes:

Property taxes

Property transfer taxes

Sales and use taxes

Transient occupancy taxes

Franchise fees

Interest and investment earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

The notes to the basic financial statements are an integral part of this statement.

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

Governmental Activities	Business-Type Activities	Total
\$ (1,511,577)	\$ -	\$ (1,511,577)
(2,497,566)	-	(2,497,566)
617,296	-	617,296
2,567,668	-	2,567,668
(217,815)	-	(217,815)
(29,884)	-	(29,884)
(234,335)	-	(234,335)
(1,306,213)	-	(1,306,213)
-	(8,985)	(8,985)
-	510,595	510,595
-	(230,962)	(230,962)
-	270,648	270,648
(1,306,213)	270,648	(1,035,565)
1,691,943	-	1,691,943
12,274	-	12,274
900,635	-	900,635
840,304	-	840,304
247,366	-	247,366
81,065	5,377	86,442
434,902	-	434,902
4,208,489	5,377	4,213,866
2,902,276	276,025	3,178,301
7,960,161	3,644,707	11,604,868
2,658,898	-	2,658,898
10,619,059	3,644,707	14,263,766
<u>\$ 13,521,335</u>	<u>\$ 3,920,732</u>	<u>\$ 17,442,067</u>

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2021

	General	CDBG HOME Grant	Other Governmental Funds	Totals
ASSETS				
Cash and investments	\$ 978,659	\$ -	\$ 3,019,239	\$ 3,997,898
Receivables:				
Accounts	36,476	-	15,020	51,496
Interest	3,248	-	6,376	9,624
Taxes	569,542	-	-	569,542
Intergovernmental	36,823	-	20,972	57,795
Investment in JPA	149,537	-	-	149,537
Prepaid costs	11,196	-	-	11,196
Due from other funds	452,532	-	-	452,532
Loans receivable	-	4,575,330	539,014	5,114,344
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Total Assets	\$ 2,238,013	\$ 4,575,330	\$ 3,600,621	\$ 10,413,964
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LIABILITIES				
Accounts payable	\$ 143,671	\$ -	\$ 231,903	\$ 375,574
Salaries and benefits payable	41,390	-	791	42,181
Due to other funds	-	8,462	444,070	452,532
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Total Liabilities	185,061	8,462	676,764	870,287
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES				
Nonspendable	160,733	4,575,330	539,014	5,275,077
Restricted	-	-	2,831,913	2,831,913
Committed	205,000	-	-	205,000
Unassigned	1,687,219	(8,462)	(447,070)	1,231,687
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Total Fund Balances	2,052,952	4,566,868	2,923,857	9,543,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 2,238,013	\$ 4,575,330	\$ 3,600,621	\$ 10,413,964
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The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021

Total Fund Balance - Total Governmental Funds	\$ 9,543,677
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	12,057,072
Interest payable on long-term debt does not require the use of current financial resources and therefore is not accrued as a liability in the governmental funds balance sheet.	(3,052)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	9,086,683
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(358,022)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(7,800,276)
Loans payable	(725,562)
Capital leases payable	(191,001)
Compensated absences payable	(68,513)
Net pension liability	(7,925,004)
Net OPEB liability	(94,667)
Net Position of Governmental Activities	<u><u>\$ 13,521,335</u></u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	CDBG HOME Grant	Other Governmental Funds	Totals
REVENUES				
Taxes	\$ 3,692,522	\$ -	\$ -	\$ 3,692,522
Licenses and permits	265,811	-	403	266,214
Fines and forfeitures	6,332	-	-	6,332
Intergovernmental revenues	725,189	2,790,822	959,770	4,475,781
Use of money and property	50,727	-	30,338	81,065
Charges for services	145,368	-	-	145,368
Other revenues	429,138	-	5,764	434,902
Total Revenues	5,315,087	2,790,822	996,275	9,102,184
EXPENDITURES				
Current:				
General government	8,587,922	-	53,886	8,641,808
Public protection	2,489,785	-	120,796	2,610,581
Public ways and facilities	751,343	-	59,539	810,882
Community development	-	12,703	106,726	119,429
Education	245,610	-	24,309	269,919
Recreation and culture	98,609	-	64,591	163,200
Debt service:				
Principal	-	-	626,228	626,228
Interest and other charges	207,990	-	26,345	234,335
Capital outlay	15,772	-	159,541	175,313
Total Expenditures	12,397,031	12,703	1,241,961	13,651,695
Excess of Revenues Over (Under) Expenditures	(7,081,944)	2,778,119	(245,686)	(4,549,511)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	7,800,276	-	419,098	8,219,374
Transfers in	106,395	-	1,014,200	1,120,595
Transfers out	-	-	(1,120,595)	(1,120,595)
Total Other Financing Sources (Uses)	7,906,671	-	312,703	8,219,374
Net Change in Fund Balances	824,727	2,778,119	67,017	3,669,863
Fund Balances - Beginning	1,111,438	-	1,712,614	2,824,052
Prior period adjustment	116,787	1,788,749	1,144,226	3,049,762
Fund Balances - Beginning, Restated	1,228,225	1,788,749	2,856,840	5,873,814
Fund Balances - Ending	\$ 2,052,952	\$ 4,566,868	\$ 2,923,857	\$ 9,543,677

The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 3,669,863

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	175,313
Less current year depreciation	(318,491)
Various adjustments affecting capital assets	(420)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal retirements	626,228
Proceeds from issuance of debt	(8,219,374)
Adjustment to capital lease	(187)

Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension and OPEB	7,587,685
Change in deferred inflows of resources related to pension and OPEB	130,870

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

Change in compensated absences	17,298
Change in net pension liability	(768,717)
Change in net OPEB liability	2,208

Change in Net Position of Governmental Activities	\$ 2,902,276
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The notes to the basic financial statements are an integral part of this statement.

CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 556,402	\$ 267,430	\$ 6,447	\$ 830,279
Receivables:				
Accounts	54,930	-	-	54,930
Interest	1,248	757	17	2,022
Total Current Assets	<u>612,580</u>	<u>268,187</u>	<u>6,464</u>	<u>887,231</u>
Noncurrent Assets:				
Depreciable, net	8,837,413	459,613	70,217	9,367,243
Total Noncurrent Assets	<u>8,837,413</u>	<u>459,613</u>	<u>70,217</u>	<u>9,367,243</u>
Total Assets	<u>9,449,993</u>	<u>727,800</u>	<u>76,681</u>	<u>10,254,474</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	826,878	-	-	826,878
Deferred OPEB adjustments	3,054	-	-	3,054
Total Deferred Outflows of Resources	<u>829,932</u>	<u>-</u>	<u>-</u>	<u>829,932</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	457	-	-	457
Salaries and benefits payable	5,254	-	-	5,254
Interest payable	57,657	-	-	57,657
Compensated absences	14,968	-	-	14,968
Bonds payable	43,784	-	-	43,784
Loans payable	124,000	-	-	124,000
Total Current Liabilities	<u>246,120</u>	<u>-</u>	<u>-</u>	<u>246,120</u>
Noncurrent Liabilities:				
Compensated absences	2,041	-	-	2,041
Bonds payable	665,940	-	-	665,940
Loans payable	5,467,000	-	-	5,467,000
Net pension liability	722,027	-	-	722,027
Net OPEB liability	26,701	-	-	26,701
Total Noncurrent Liabilities	<u>6,883,709</u>	<u>-</u>	<u>-</u>	<u>6,883,709</u>
Total Liabilities	<u>7,129,829</u>	<u>-</u>	<u>-</u>	<u>7,129,829</u>

CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	32,033	-	-	32,033
Deferred OPEB adjustments	1,812	-	-	1,812
	<u>33,845</u>	<u>-</u>	<u>-</u>	<u>33,845</u>
Total Deferred Inflows of Resources				
	<u>33,845</u>	<u>-</u>	<u>-</u>	<u>33,845</u>
NET POSITION				
Net investment in capital assets	3,246,413	459,613	70,217	3,776,243
Unrestricted	(130,162)	268,187	6,464	144,489
	<u>(130,162)</u>	<u>268,187</u>	<u>6,464</u>	<u>144,489</u>
Total Net Position	<u>\$ 3,116,251</u>	<u>\$ 727,800</u>	<u>\$ 76,681</u>	<u>\$ 3,920,732</u>

CITY OF WILLOWS
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 1,661,221	\$ 22,755	\$ 4,226	\$ 1,688,202
Total Operating Revenues	<u>1,661,221</u>	<u>22,755</u>	<u>4,226</u>	<u>1,688,202</u>
OPERATING EXPENSES				
Salaries and benefits	(70,853)	-	-	(70,853)
Contractual services	667,748	1,107	3,599	672,454
Insurance	31,720	-	189	31,909
Other expenses	20,754	-	4,999	25,753
Permits	13,362	-	-	13,362
Repairs and maintenance	8,599	-	-	8,599
Utilities	215,140	-	306	215,446
Depreciation	275,936	9,868	4,118	289,922
Total Operating Expenses	<u>1,162,406</u>	<u>10,975</u>	<u>13,211</u>	<u>1,186,592</u>
Operating Income (Loss)	<u>498,815</u>	<u>11,780</u>	<u>(8,985)</u>	<u>501,610</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,475	1,862	40	5,377
Interest expense	(230,962)	-	-	(230,962)
Total Non-Operating Revenues (Expenses)	<u>(227,487)</u>	<u>1,862</u>	<u>40</u>	<u>(225,585)</u>
Change in Net Position	271,328	13,642	(8,945)	276,025
Total Net Position - Beginning	<u>2,844,923</u>	<u>714,158</u>	<u>85,626</u>	<u>3,644,707</u>
Total Net Position - Ending	<u>\$ 3,116,251</u>	<u>\$ 727,800</u>	<u>\$ 76,681</u>	<u>\$ 3,920,732</u>

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Sewer Maintenance	Sewer Construction	Water	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,646,069	\$ 24,258	\$ 4,576	\$ 1,674,903
Payments to suppliers	(1,034,989)	(21,255)	(9,120)	(1,065,364)
Payments to employees	(966,779)	-	-	(966,779)
Net Cash Provided (Used) by Operating Activities	(355,699)	3,003	(4,544)	(357,240)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Pension obligation bond proceeds of debt	709,724	-	-	709,724
Net Cash Provided (Used) by Noncapital Financing Activities	709,724	-	-	709,724
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(4,418)	(12,208)	-	(16,626)
Adjustment to capital assets accumulated depreciation	-	-	4,119	4,119
Principal paid on debt	(119,000)	-	-	(119,000)
Interest paid on debt	(173,305)	-	-	(173,305)
Net Cash Provided (Used) by Capital and Related Financing Activities	(296,723)	(12,208)	4,119	(304,812)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,227	1,104	22	3,353
Net Cash Provided (Used) by Investing Activities	2,227	1,104	22	3,353
Net Increase (Decrease) in Cash and Cash Equivalents	59,529	(8,101)	(403)	51,025
Balances - Beginning	496,873	275,531	6,850	779,254
Balances - Ending	\$ 556,402	\$ 267,430	\$ 6,447	\$ 830,279

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 498,815	\$ 11,780	\$ (8,985)	\$ 501,610
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	275,936	9,868	4,118	289,922
Decrease (increase) in:				
Accounts receivable	(15,152)	1,503	350	(13,299)
Pension adjustments - deferred outflows	(665,729)	-	-	(665,729)
OPEB adjustments - deferred outflows	(3,054)	-	-	(3,054)
Increase (decrease) in:				
Accounts payable	(77,666)	(20,148)	(27)	(97,841)
Salaries and benefits payable	5,254	-	-	5,254
Compensated absences	3,642	-	-	3,642
Net pension liability	(319,212)	-	-	(319,212)
Net OPEB liability	(623)	-	-	(623)
Pension adjustments - deferred inflows	(59,722)	-	-	(59,722)
OPEB adjustments - deferred inflows	1,812	-	-	1,812
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (355,699)</u></u>	<u><u>\$ 3,003</u></u>	<u><u>\$ (4,544)</u></u>	<u><u>\$ (357,240)</u></u>

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Willows was incorporated in 1886, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, water and sewer.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the City.

Joint Agencies

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for member Cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator at, 2180 Harvard Street, Suite 460, Sacramento, CA 95815. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Funds are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as public safety, planning and zoning, general administrative services and public works.
- The CDGB Home Grant fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.

The City reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing provided by the City.
- The Sewer fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Non-Current Governmental Asset/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the City's investment pool, to be cash and cash equivalents.

F. Investments

The City pools cash and investments of all funds except cash and investments with fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short-term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2021, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Loans Receivable

A total of \$5,114,344 was recorded as loans receivable at June 30, 2021. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks and sewer), are defined by the City as an asset with a cost greater than \$500 and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 25 years
Structures and improvements	5 to 50 years
Infrastructure	20 to 75 years
Intangibles (computer software)	5 to 10 years

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

K. Property Tax

Nevada County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

L. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

O. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial 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 and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. These items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

Q. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

R. Implementation of Governmental Accounting Standards Board (GASB) Statements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The City does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The City does not have any majority equity interests to report for the year ended June 30, 2021.

S. Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements, if applicable:

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Future Accounting Pronouncements (Continued)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position/fund balance. During the current year the City reported prior period adjustments to correct a prior year overstatement of deferred inflows of resources related to deferred housing loan payments, to correct a prior year understatement of revenues, and to correct prior year salaries and benefits accrual in the government-wide financial statements.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>
Net Position, June 30, 2020 as previously reported	\$ 7,960,161
Adjustment associated with:	
Correction of deferred housing loan payments	1,788,749
Correction of prior year understatement of revenues	850,550
Correction of prior year salaries and benefits accrual	(97,188)
Total Adjustments	<u>2,542,111</u>
Net Position, July 1, 2020 as restated	<u><u>\$ 10,502,272</u></u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

	General Fund	CDBG HOME Grant	Other Governmental Funds
Fund Balance, June 30, 2020 as previously reported	\$ 906,438	\$ -	\$ 1,712,614
Adjustment associated with:			
Correction of prior year understatement of investment in JPA	116,787	-	-
Correction of prior year understatement of revenues	-	-	850,550
Correction of prior year deferred housing loan payments	-	1,788,749	293,676
Total Adjustments	<u>116,787</u>	<u>1,788,749</u>	<u>1,144,226</u>
Fund Balance, July 1, 2020 as restated	<u>\$ 1,023,225</u>	<u>\$ 1,788,749</u>	<u>\$ 2,856,840</u>

B. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2021:

Gas Tax 2106	\$ 12,893
COVID-19	880
EDA Grant	386,854
SB 2 Grant	24,199

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 3,997,898
Business-type activities	<u>830,279</u>
Total Cash and Investments	<u>\$ 4,828,177</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2021, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 500
Deposits (less outstanding checks)	2,750,659
Cash with fiscal agent	<u>11,408</u>
Total Cash	<u>2,762,567</u>
Investments:	
LAIF	641,880
Investments with fiscal agent	<u>1,423,730</u>
Total Investments	<u>2,065,610</u>
Total Cash and Investments	<u>\$ 4,828,177</u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$2,762,067 and the bank balance was \$2,922,382. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash on hand of \$500.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

C. Investments

The City has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the City's funds, and outline the policies for maximizing the efficiency of the City's cash management program. The ultimate goal is to enhance the economic status of the City while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Under the provisions of the City's investment policy and the California Government Code, the City may invest or deposit in the following:

- Securities of the U.S. Government and its Agencies
- Local Agency Investment Fund (State Pool) Demand Deposits (LAIF)
- Certificates of Deposit
- Bankers' Acceptances
- Commercial Paper
- Passbook Savings Accounts
- Negotiable Certificates of Deposit
- Medium Term Corporate Notes

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City's position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2021, the City had the following recurring fair value measurements:

		<u>Fair Value Measurements Using</u>		
<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Investments with fiscal agent	<u>\$ 1,423,730</u>	<u>\$ 1,423,730</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments Measured at Fair Value	1,423,730	<u><u>\$ 1,423,730</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Investments in External Investment Pools				
LAIF	<u>641,880</u>			
Total Investments	<u>\$ 2,065,610</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2021, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Investments with fiscal agent	0.20-2.90%	\$ 676,730	\$ 747,000	\$ 1,423,730	4.95
LAIF	Variable	641,880	-	641,880	-
Total Investments		<u>\$ 1,318,610</u>	<u>\$ 747,000</u>	<u>\$ 2,065,610</u>	<u>0.12</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Investments with fiscal agent	N/A	Unrated	Unrated	68.93%
LAIF	N/A	Unrated	Unrated	31.07%
Total				<u>100.00%</u>

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all securities owned by the City shall be held in safekeeping by a third party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) at June 30, 2021 did not exceed 5 percent or more of total City investments.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pool

The City of Willows maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2021, the City's investment in LAIF valued at amortized cost was \$641,880 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$193.3 billion. Of that amount, 92.69 percent is invested in non-derivative financial products and 2.31 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Transfers/ Adjustments	Balance June 30, 2021
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 5,943,855	\$ 159,540	(\$ 6,103,395)	\$ -
Total Capital Assets, Not Being Depreciated	5,943,855	159,540	(6,103,395)	-
Capital Assets, Being Depreciated				
Infrastructure	5,170,049	-	6,103,395	11,273,444
Buildings and improvements	2,324,716	-	-	2,324,716
Equipment	2,614,426	15,773	(18,555)	2,611,644
Total Capital Assets, Being Depreciated	10,109,191	15,773	6,084,840	16,209,804
Less Accumulated Depreciation For:				
Infrastructure	(889,011)	(185,299)	-	(1,074,310)
Buildings and improvements	(1,522,455)	(42,301)	-	(1,564,756)
Equipment	(1,440,910)	(90,891)	18,135	(1,513,666)
Total Accumulated Depreciation	(3,852,376)	(318,491)	18,135	(4,152,732)
Total Capital Assets, Being Depreciated, Net	6,256,815	(302,718)	6,102,975	12,057,072
Governmental Activities Capital Assets, Net	\$ 12,200,670	(\$ 143,178)	(\$ 420)	\$ 12,057,072

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2020	Additions	Transfers/ Adjustments	Balance June 30, 2021
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 262,686	\$ 12,208	(\$ 274,894)	\$ -
Total Capital Assets, Not Being Depreciated	262,686	12,208	(274,894)	-
Capital Assets, Being Depreciated				
Infrastructure	412,136	-	274,894	687,030
Buildings and improvements	13,624,842	4,418	-	13,629,260
Total Capital Assets, Being Depreciated	14,036,978	4,418	274,894	14,316,290
Less Accumulated Depreciation For:				
Infrastructure	(139,097)	(13,987)	(4,117)	(157,201)
Buildings and improvements	(4,515,911)	(275,935)	-	(4,791,846)
Total Accumulated Depreciation	(4,655,008)	(289,922)	(4,117)	(4,949,047)
Total Capital Assets, Being Depreciated, Net	9,381,970	(285,504)	270,777	9,367,243
Business-Type Activities Capital Assets, Net	<u>\$ 9,644,656</u>	<u>(\$ 273,296)</u>	<u>(\$ 4,117)</u>	<u>\$ 9,367,243</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 15,492
Public protection	54,034
Public ways and facilities	191,226
Recreation and culture	<u>57,739</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 318,491</u>

Depreciation expense was charged to the business-type activities as follows:

Water	\$ 4,118
Sewer	<u>285,804</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 289,922</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City street improvement projects. Construction in progress for business-type activities related primarily to work performed on the wastewater treatment facility improvements. All construction in progress had been completed as of June 30, 2021, and was transferred to infrastructure.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: INTERFUND TRANSACTIONS

Due From/To Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2021:

	Due From Other Funds	Due To Other Funds
General fund	\$ 452,532	\$ -
CDBG HOME Grant	-	8,462
Nonmajor governmental funds	-	444,070
Total	<u>\$ 452,532</u>	<u>\$ 452,532</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2021:

	Transfers In	Transfers Out
General fund	\$ 106,395	\$ -
Nonmajor governmental funds	1,014,200	1,120,595
Total	<u>\$ 1,120,595</u>	<u>\$ 1,120,595</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

Type of Indebtedness	Balance July 1, 2020	Additions	Adjustments/ Retirements	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities					
Loans payable	\$ 874,507	\$ 419,098	(\$ 568,043)	\$ 725,562	\$ 152,076
Pension obligation bonds	-	7,800,276	-	7,800,276	481,216
Capital leases	248,999	187	(58,185)	191,001	60,627
Compensated absences	85,811	43,975	(61,273)	68,513	61,660
Total Governmental Activities	<u>\$ 1,209,317</u>	<u>\$ 8,263,536</u>	<u>(\$ 687,501)</u>	<u>\$ 8,785,352</u>	<u>\$ 755,579</u>
Business-Type Activities					
Direct borrowing loans payable	\$ 5,710,000	-	(\$ 119,000)	\$ 5,591,000	\$ 124,000
Pension obligation bonds	-	709,724	-	709,724	43,784
Compensated absences	13,367	16,806	(13,164)	17,009	15,308
Total Business-Type Activities	<u>\$ 5,723,367</u>	<u>\$ 726,530</u>	<u>(\$ 132,164)</u>	<u>\$ 6,317,733</u>	<u>\$ 183,092</u>

Compensated absences are generally liquidated by the fund where the accrued liability occurred. The capital lease liabilities are liquidated by lease payments made by the departments leasing the equipment.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2021, are as follows:

Governmental Activities

Loans:

Commercial Bank Loan, issued November 1, 2019, in the amount of \$1,400,000, due in annual installments of \$86,027 to \$152,076, with an interest rate of 3.32%, and maturity on May 1, 2026. The City relinquished its rights of immunity from legal proceedings on the grounds of sovereignty in exchange for the proceeds of this loan.

\$ 725,562

Total Loans

725,562

Pension Obligation Bonds:

Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

7,800,276

Total Pension Obligation Bonds

7,800,276

Total Governmental Activities

\$ 8,525,838

S

Business-Type Activities

Loans from Direct Borrowings:

United States Department of Agriculture Rural Development, dated February 21, 2007, in the amount of \$6,889,000, payable in annual installments of \$70,000 to \$152,000, with an interest rate of 4.125%, and maturity on October 1, 2046. The loan proceeds were used to finance certain improvements to the City's sewer treatment plant system.

\$ 5,591,000

Total Loans from Direct Borrowings

5,591,000

Pension Obligation Bonds:

Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

709,724

Total Pension Obligation Bonds

709,724

Total Business-Type Activities

\$ 6,300,724

The City has pledged sewer operations revenues, net of specified operating expenses, to repay loans from direct borrowings in the amount of \$5,591,000 issued in February 2007.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements of governmental activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, and capital leases which are reported in Note 7.

Governmental Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2022	\$ 152,076	\$ 22,837	\$ 174,913
2023	157,166	17,746	174,912
2024	162,428	12,485	174,913
2025	167,865	7,047	174,912
2026	86,027	1,428	87,455
Total	<u>\$ 725,562</u>	<u>\$ 61,543</u>	<u>\$ 787,105</u>

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2022	\$ 481,216	\$ 30,767	\$ 511,983
2023	494,965	170,082	665,047
2024	540,795	166,518	707,313
2025	421,637	162,354	583,991
2026	348,308	158,264	506,572
2027-2031	2,135,681	687,340	2,823,021
2032-2036	2,603,147	380,728	2,983,875
2037-2041	774,527	58,934	833,461
Total	<u>\$ 7,800,276</u>	<u>\$ 1,814,987</u>	<u>\$ 9,615,263</u>

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Total
2022	\$ 124,000	\$ 230,629	\$ 354,629
2023	129,000	225,514	354,514
2024	134,000	220,193	354,193
2025	140,000	214,665	354,665
2026	146,000	208,890	354,890
2027-2031	824,000	949,039	1,773,039
2032-2036	1,008,000	734,569	1,742,569
2037-2041	1,234,000	538,808	1,772,808
2042-2046	1,511,000	262,350	1,773,350
2047	341,000	14,066	355,066
Total	<u>\$ 5,591,000</u>	<u>\$ 3,598,723</u>	<u>\$ 9,189,723</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2022	\$ 43,784	\$ 2,799	\$ 46,583
2023	45,035	15,475	60,510
2024	49,205	15,151	64,356
2025	38,363	14,772	53,135
2026	31,692	14,400	46,092
2027-2031	194,319	62,539	256,858
2032-2036	236,853	34,641	271,494
2037-2041	70,473	5,362	75,835
Total	<u>\$ 709,724</u>	<u>\$ 165,139</u>	<u>\$ 874,863</u>

NOTE 7: LEASES

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2021
Governmental activities	2.576%	\$ 191,001
Total		<u>\$ 191,001</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	Governmental Activities
Equipment	\$ 501,423
Less: accumulated depreciation	(33,428)
Net Value	<u>\$ 467,995</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 7: LEASES (CONTINUED)

As of June 30, 2021, capital lease annual amortization is as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2022	\$ 65,162
2023	65,162
2024	65,163
2025	<u>4,418</u>
Total Requirements	199,905
Less: interest	(<u>8,904</u>)
Present Value of Remaining Payments	<u>\$ 191,001</u>

NOTE 8: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **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.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$8,106,990 of restricted net position, of which \$2,402,802 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2021, were distributed as follows:

	General Fund	CDBG HOME Grant	Other Governmental Funds	Totals
Nonspendable:				
Investment in JPA	\$ 149,537	\$ -	\$ -	\$ 149,537
Prepaid costs	11,196	-	-	11,196
Loans receivable	-	4,575,330	539,014	5,114,344
Subtotal	160,733	4,575,330	539,014	5,275,077
Restricted for:				
GT repay	-	-	74	74
Cert access	-	-	8,031	8,031
STIP	-	-	1,058	1,058
RST gas tax	-	-	274,754	274,754
SBIEPMT gas tax	-	-	226,831	226,831
Willows lighting	-	-	42,104	42,104
Gas tax 2105	-	-	142,630	142,630

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: FUND BALANCES (CONTINUED)

	General Fund	CDBG HOME Grant	Other Governmental Funds	Totals
Restricted for (Continued):				
Gas tax 2107	-	-	42,541	42,541
Gas tax 2107, 5	-	-	5,968	5,968
Recreation reimb	-	-	5,693	5,693
Recreation & culture	-	-	6,236	6,236
Basin street	-	-	195,184	195,184
Community	-	-	63,883	63,883
Mall maintenance	-	-	23,204	23,204
County library	-	-	111,388	111,388
ZIP books state	-	-	1,884	1,884
Home-pi	-	-	2,331	2,331
Northnet train	-	-	4,768	4,768
CLSA delivery	-	-	16,871	16,871
Fire dif	-	-	129,989	129,989
Police dif	-	-	60,278	60,278
LIT passthru	-	-	5,420	5,420
Storm drainage dif	-	-	151,486	151,486
Street development dif	-	-	180,783	180,783
Park facilities dif	-	-	333,153	333,153
I-5 interchange dif	-	-	387,352	387,352
Library dif	-	-	141,490	141,490
State recycle grant	-	-	8,969	8,969
Gas tax 2103	-	-	210,833	210,833
SLESF COPS grant	-	-	46,727	46,727
Subtotal	-	-	2,831,913	2,831,913
Committed:				
General	205,000	-	-	205,000
Subtotal	205,000	-	-	205,000
Unassigned	1,687,219	(8,462)	(447,070)	1,231,687
Total	<u>\$ 2,052,952</u>	<u>\$ 4,566,868</u>	<u>\$ 2,923,857</u>	<u>\$ 9,543,677</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The City Council has not adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

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

Effective January 1, 2013, the City added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six month break in service. Applicable new hires to the City defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new non-classic employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety Police PEPRA	Safety police members hired on or after January 1, 2013
Safety Fire PEPRA	Safety fire members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety Police	Safety police members hired before January 1, 2013
Safety Fire	Safety fire members hired before January 1, 2013

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 (age 52 for Miscellaneous Plan Members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Each Rate Tier's specific provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	3.0% @ 60	60	2.000% to 3.000%
Miscellaneous PEPRA	2.0% @ 62	62	1.000% to 2.500%
Safety	3.0% @ 50	50	3.000%
Safety Police PEPRA	2.7% @ 57	57	2.000% to 2.700%
Safety Fire PEPRA	2.7% @ 57	57	2.000% to 2.700%

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 all 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	14.729%	8.000%	0.000%
Miscellaneous PEPRA	7.732%	6.250%	0.000%
Safety	22.437%	9.000%	0.000%
Safety Police PEPRA	13.044%	11.500%	0.000%
Safety Fire PEPRA	0.000%	11.500%	0.000%

For the year ended June 30, 2021, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 340,476	\$ -
Safety	423,493	-

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

The City's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<u>Proportion June 30, 2020</u>	<u>Proportion June 30, 2021</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.08900%	0.08872%	-0.00028%
Safety	0.07423%	0.07362%	-0.00061%

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 3,742,342
Safety	<u>4,904,689</u>
Total Net Pension Liability	<u>\$ 8,647,031</u>

For the year ended June 30, 2021, the City recognized pension expense of \$1,127,692. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 9,111,773	\$ -
Changes of assumptions	-	(43,030)
Difference between expected and actual experience	573,188	-
Difference between projected and actual earnings on pension plan investments	217,772	-
Difference between City contributions and proportionate share of contributions	-	(215,874)
Amortization due to differences in proportions	<u>-</u>	<u>(124,727)</u>
Total	<u>\$ 9,902,733</u>	<u>(\$ 383,631)</u>

\$9,111,773 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2022	(\$ 38,817)
2023	179,584
2024	159,828
2025	106,734
Thereafter	<u>-</u>
Total	<u>\$ 407,329</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

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

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

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

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

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

The following presents the City's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City'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>1% Decrease 6.15%</u>	<u>Discount Rate 7.15%</u>	<u>1% Increase 8.15%</u>
Miscellaneous	\$ 5,377,684	\$ 3,742,342	\$ 2,391,109
Safety	7,035,422	4,904,689	3,156,221

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City administers a single employer defined benefit healthcare plan. As of January 1, 2018, the City participates in the California State Association of Counties Excess Insurance Authority (CSA CEIA) which is a small group of health benefit programs. There are four medical plans available, one for Non-Medicare participants and three for Medicare eligible participants.

Benefits Provided

Eligible employees who retired before July 1, 2017 are eligible for the PEMCHA minimum (\$133 per month in 2018). This amount will stay at \$133 per month for the remainder of the retiree's life. There are currently three retirees who are receiving these benefits.

Effective for retirements on or after July 1, 2017, the employee must self-pay the entire cost of premiums during retirement. Employees are eligible to remain on the City health plan if they retire directly from the City via service retirement or through industrial disability. There is no age or service requirement.

While the City does not directly contribute towards the cost of premiums for retirees except as noted for retirees receiving the 2018 PEMCHA minimum amount per month, premiums do not vary by age. Because actives and retirees under age 65 have the same premiums, there is an implicit subsidy realized, as the younger actives are subsidizing the costs of the older retirees.

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	<u>12</u>
Total	<u><u>17</u></u>

B. Net OPEB Liability

The City's net OPEB liability of \$121,368 was measured as of June 30, 2021, and was determined by the actuarial valuation as of June 30, 2020.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	Last day of the current fiscal year (June 30, 2021)
Actuarial Cost Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	No assets held in irrevocable trust of measurement date
Discount Rates	1.92% as of June 30, 2021, 2.45% as of June 30, 2020
Salary Increase	3.0%
Inflation Rate	2.75% per year
Healthcare cost trend rates	7.00% for 2021, decreasing to 6.00% for 2023, 5.20% for 2024-2069, and 4.00% for 2070 and later years.
Mortality rates	Postretirement mortality rates from 2017 CalPERS experience study.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan fiduciary net position (i.e., fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2021 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) – (b)
Balances at fiscal year ending June 30, 2020	\$ 124,199	\$ -	\$ 124,199
Changes during the period:			
Service cost	3,166	-	3,166
Interest cost	2,898	-	2,898
Difference between expected and actual experience	(9,734)	-	(9,734)
Change of assumptions	9,650	-	9,650
Contributions – employer	-	8,811	(8,811)
Benefit payments	(8,811)	(8,811)	-
Net Changes	(2,831)	-	(2,831)
Balances at fiscal year ending June 30, 2021	\$ 121,368	\$ -	\$ 121,368

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB 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 discount rate:

	<u>1% Decrease</u> <u>0.92%</u>	<u>Current Rate</u> <u>1.92%</u>	<u>1% Increase</u> <u>2.92%</u>
Net OPEB liability	\$ 131,020	\$ 121,368	\$ 112,963

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	<u>Current Trend</u> <u>-1%</u>	<u>Current Trend</u>	<u>Current Trend</u> <u>+1%</u>
Net OPEB Liability	\$ 116,891	\$ 121,368	\$ 126,630

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$7,607. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ -	(\$ 8,236)
Differences between expected and actual experience	<u>13,882</u>	<u>-</u>
Total	<u>\$ 13,882</u>	<u>(\$ 8,236)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30</u>	
2022	\$ 1,543
2023	1,543
2024	1,543
2025	1,036
2026	(13)
Thereafter	(6)
	<u>\$ 5,646</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 12: RISK MANAGEMENT

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$25,000 retention for liability and the self-insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The City pays an annual premium to NCCSIF for its insurance coverage.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Willows council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 12: RISK MANAGEMENT (CONTINUED)

The participants as of June 30, 2021 were as follows:

- | | |
|-------------|---------------|
| • Anderson | • Lincoln |
| • Auburn | • Marysville |
| • Colusa | • Nevada City |
| • Corning | • Oroville |
| • Dixon | • Paradise |
| • Elk Grove | • Placerville |
| • Folsom | • Red Bluff |
| • Galt | • Rio Vista |
| • Gridley | • Rocklin |
| • Ione | • Willows |
| • Jackson | • Yuba City |

The City's investment in NCCSIF of \$149,537 is recorded in the General fund. The net change is shown as an income or expense item in these funds.

NOTE 13: OTHER INFORMATION

A. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through June 28, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021
Last 10 Years*

Measurement Date**	2013/2014	2014/2015	2015/2016	2016/2017
Proportion of the net pension liability	0.08690%	0.08690%	0.08190%	0.07990%
Proportionate share of the net pension liability	\$ 5,404,643	\$ 5,963,313	\$ 7,089,757	\$ 7,924,460
Covered payroll	1,524,276	1,488,702	1,628,424	1,525,987
Proportionate share of the net pension liability as a percentage of covered payroll	354.57%	400.57%	435.38%	519.30%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	78.00%	74.00%	73.00%

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only seven years are shown.

** The prior year information was combined for both plans

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
0.08941%	0.08900%	0.08872%
\$ 7,792,418	\$ 8,197,527	\$ 8,647,031
1,036,377	1,007,884	979,663
751.89%	813.34%	882.65%
69.54%	70.03%	69.09%

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year**	2014/2015	2015/2016	2016/2017	2017/2018
Contractually required contributions (actuarially determined)	\$ 468,134	\$ 748,028	\$ 639,429	\$ 615,648
Contributions in relation to the actuarially determined contributions	<u>(468,134)</u>	<u>(748,028)</u>	<u>(639,429)</u>	<u>(615,648)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,488,702	\$ 1,628,424	\$ 1,525,987	\$ 1,036,377
Contributions as a percentage of covered payroll	31.45%	45.94%	41.90%	59.40%
Fiscal Year*	2020/2021			
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 341,575			
Contributions in relation to the actuarially determined contributions	<u>(3,965,575)</u>			
Contribution deficiency (excess)	<u>\$ (3,624,000)</u>			
Covered payroll	\$ 430,096			
Contributions as a percentage of covered payroll	922.02%			
Safety				
Contractually required contributions (actuarially determined)	\$ 486,198			
Contributions in relation to the actuarially determined contributions	<u>(5,146,198)</u>			
Contribution deficiency (excess)	<u>\$ (4,660,000)</u>			
Covered payroll	\$ 211,764			
Contributions as a percentage of covered payroll	229.59%			

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only seven years are shown.

** The prior year information was combined for both plans

<u>2018/2019</u>	<u>2019/2020</u>
\$ 683,036	\$ 763,969
<u>(683,036)</u>	<u>(763,969)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,007,884 67.77%	\$ 979,663 77.98%

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset Valuation Method	Fair value
Discount Rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary Increases	Varies based on entry age and service
Investment Rate of Return	7.00%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Total OPEB Liability				
Service Cost	\$ 3,120	\$ 3,214	\$ 3,405	\$ 3,166
Interest	4,322	4,159	3,739	2,898
Difference between expected and actual experience	-	-	-	(9,734)
Changes of assumption	-	3,926	5,536	9,650
Benefit payments	<u>(12,644)</u>	<u>(11,243)</u>	<u>(8,994)</u>	<u>(8,811)</u>
Net Change in Total OPEB Liability	(5,202)	56	3,686	(2,831)
Total OPEB Liability - Beginning	<u>125,659</u>	<u>120,457</u>	<u>120,513</u>	<u>124,199</u>
Total OPEB Liability - Ending (a)	<u>\$ 120,457</u>	<u>\$ 120,513</u>	<u>\$ 124,199</u>	<u>\$ 121,368</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 12,644	\$ 11,243	\$ 8,994	\$ 8,811
Benefit payments	<u>(12,644)</u>	<u>(11,243)</u>	<u>(8,994)</u>	<u>(8,811)</u>
Net Change in Plan Fiduciary Net Position	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 120,457</u>	<u>\$ 120,513</u>	<u>\$ 124,199</u>	<u>\$ 121,368</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 683,036	\$ 763,969	\$ 951,295	\$ 759,702
Net OPEB liability as a percentage of covered-employee payroll	17.64%	15.77%	13.06%	15.98%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only four years are shown.

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Actuarially determined contributions	\$ 12,644	\$ 11,243	\$ 8,994	\$ 8,811
Contributions in relation to the actuarially determined contribution	<u>(12,644)</u>	<u>(11,243)</u>	<u>(8,994)</u>	<u>(8,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 683,036	\$ 763,969	\$ 951,295	\$ 759,702
Contributions as a percentage of covered-employee payroll	1.85%	1.47%	0.95%	1.16%

* The City implemented GASB 75 for the fiscal year June 30, 2018, therefore only four years are shown.

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Discount Rate:	Decreased from 2.45 percent to 1.92 percent, reflecting the change in municipal bond index rate.
Demographic Assumptions:	Used the 2017 experience study from CalPERS.
Mortality Improvements:	Used the Mortality postretirement rates from the 2017 CalPERS experience study.
General Inflation Rate:	2.75 percent
Salary Increase:	3.00 percent per year
Medical Trend:	Use the Getzen model, published by the Society of Actuaries.

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 2,314,500	\$ 2,314,500	\$ 3,692,522	\$ 1,378,022
Licenses, permits and franchises	270,000	270,000	265,811	(4,189)
Fines and forfeitures	5,000	5,000	6,332	1,332
Intergovernmental revenues	715,440	715,440	725,189	9,749
Use of money and property	39,500	39,500	50,727	11,227
Charges for services	19,436	19,436	145,368	125,932
Other revenues	6,000	6,000	429,138	423,138
Total Revenues	3,369,876	3,369,876	5,315,087	1,945,211
EXPENDITURES				
Current:				
General government	660,057	948,996	995,636	(46,640)
Public protection	1,674,224	2,445,262	2,489,785	(44,523)
Public ways and facilities	711,476	655,654	751,343	(95,689)
Education	226,980	153,193	245,610	(92,417)
Recreation and culture	195,046	133,720	98,609	35,111
Capital outlay	22,650	120,000	15,772	104,228
Total Expenditures	3,490,433	4,456,825	4,596,755	(139,930)
Excess of Revenues Over (Under) Expenditures	(120,557)	(1,086,949)	718,332	1,805,281
OTHER FINANCING SOURCES (USES)				
Debt proceeds (Pension Obligation Bonds)	-	-	7,800,276	7,800,276
Payment of pension UAAL from debt proceeds	-	-	(7,800,276)	(7,800,276)
Transfers in	25,500	25,500	106,395	80,895
Total Other Financing Sources (Uses)	25,500	25,500	106,395	80,895
Net Change in Fund Balances	(95,057)	(1,061,449)	824,727	1,886,176
Fund Balances - Beginning	1,111,438	1,111,438	1,111,438	-
Prior period adjustment	-	-	116,787	116,787
Fund Balances (Deficits) - Beginning, Restated	1,111,438	1,111,438	1,228,225	116,787
Fund Balances - Ending	\$ 1,016,381	\$ 49,989	\$ 2,052,952	\$ 2,002,963

The City of Willows issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

CITY OF WILLOWS
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2021

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budget to actual results for the General fund and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

The City follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The City Manager submits to the City Council a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to July 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
General fund	\$ 4,456,825	\$ 4,596,755	\$ 139,930
CDBG Home grant	-	12,703	12,703

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Combining Nonmajor Fund Financial Statements

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Nonmajor Governmental Funds

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds	Debt Service Fund	Totals
ASSETS			
Cash and investments	\$ 3,019,239	\$ -	\$ 3,019,239
Receivables:			
Accounts	15,020	-	15,020
Interest	6,376	-	6,376
Intergovernmental	20,972	-	20,972
Loans receivable	539,014	-	539,014
Total Assets	\$ 3,600,621	\$ -	\$ 3,600,621
LIABILITIES			
Accounts payable	\$ 231,903	\$ -	\$ 231,903
Salaries and benefits payable	791	-	791
Due to other funds	444,070	-	444,070
Total Liabilities	676,764	-	676,764
FUND BALANCES			
Nonspendable	539,014	-	539,014
Restricted	2,831,913	-	2,831,913
Unassigned	(447,070)	-	(447,070)
Total Fund Balances	2,923,857	-	2,923,857
Total Liabilities and Fund Balances	\$ 3,600,621	\$ -	\$ 3,600,621

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds	Debt Service Fund	Totals
REVENUES			
Licenses and permits	\$ 403	\$ -	\$ 403
Intergovernmental revenues	959,770	-	959,770
Use of money and property	30,338	-	30,338
Other revenues	5,764	-	5,764
Total Revenues	<u>996,275</u>	<u>-</u>	<u>996,275</u>
EXPENDITURES			
Current:			
General government	53,886	-	53,886
Public protection	120,796	-	120,796
Public ways and facilities	59,539	-	59,539
Community development	106,726	-	106,726
Recreation and culture	24,309	-	24,309
Education	64,591	-	64,591
Debt Service:			
Principal	58,185	568,043	626,228
Interest	26,345	-	26,345
Capital outlay	159,541	-	159,541
Total Expenditures	<u>673,918</u>	<u>568,043</u>	<u>1,241,961</u>
Excess of Revenues Over (Under) Expenditures	<u>322,357</u>	<u>(568,043)</u>	<u>(245,686)</u>
OTHER FINANCING SOURCES (USES)			
Debt proceeds	-	419,098	419,098
Transfers in	446,157	568,043	1,014,200
Transfers out	(701,497)	(419,098)	(1,120,595)
Total Other Financing Sources (Uses)	<u>(255,340)</u>	<u>568,043</u>	<u>312,703</u>
Net Change in Fund Balances	<u>67,017</u>	<u>-</u>	<u>67,017</u>
Fund Balances - Beginning	1,712,614	-	1,712,614
Prior period adjustment	1,144,226	-	1,144,226
Fund Balances - Beginning, Restated	<u>2,856,840</u>	<u>-</u>	<u>2,856,840</u>
Fund Balances - Ending	<u><u>\$ 2,923,857</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,923,857</u></u>

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	GT 2103 Repay	Cert Access	STIP	RSTP Gas Tax
ASSETS				
Cash and investments	\$ 53	\$ 8,031	\$ 1,037	\$ 274,018
Receivables:				
Accounts	-	-	-	-
Interest	21	-	21	736
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	\$ 74	\$ 8,031	\$ 1,058	\$ 274,754
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	74	8,031	1,058	274,754
Unassigned	-	-	-	-
Total Fund Balances	74	8,031	1,058	274,754
Total Liabilities and Fund Balances	\$ 74	\$ 8,031	\$ 1,058	\$ 274,754

SB1EPMT Gas Tax	CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	COVID-19
\$ 205,467	\$ -	\$ 42,477	\$ 142,280	\$ -	\$ 42,485	\$ 5,950	\$ -
-	-	110	-	-	-	-	-
392	-	101	350	-	56	18	-
20,972	-	-	-	-	-	-	-
-	273,578	-	-	-	-	-	-
<u>\$ 226,831</u>	<u>\$ 273,578</u>	<u>\$ 42,688</u>	<u>\$ 142,630</u>	<u>\$ -</u>	<u>\$ 42,541</u>	<u>\$ 5,968</u>	<u>\$ -</u>
\$ -	\$ -	\$ 584	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	12,893	-	-	880
-	-	584	-	12,893	-	-	880
-	273,578	-	-	-	-	-	-
226,831	-	42,104	142,630	-	42,541	5,968	-
-	-	-	-	(12,893)	-	-	(880)
<u>226,831</u>	<u>273,578</u>	<u>42,104</u>	<u>142,630</u>	<u>(12,893)</u>	<u>42,541</u>	<u>5,968</u>	<u>(880)</u>
<u>\$ 226,831</u>	<u>\$ 273,578</u>	<u>\$ 42,688</u>	<u>\$ 142,630</u>	<u>\$ -</u>	<u>\$ 42,541</u>	<u>\$ 5,968</u>	<u>\$ -</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Recreation Reimb	Recreation & Culture	USDA Biomass	CDBG OTC
ASSETS				
Cash and investments	\$ 6,151	\$ 70,158	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Interest	28	40	-	-
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	265,436
Total Assets	\$ 6,179	\$ 70,198	\$ -	\$ 265,436
LIABILITIES				
Accounts payable	\$ -	\$ 63,962	\$ -	\$ 3,000
Salaries and benefits payable	486	-	-	-
Due to other funds	-	-	-	19,244
Total Liabilities	486	63,962	-	22,244
FUND BALANCES				
Nonspendable	-	-	-	265,436
Restricted	5,693	6,236	-	-
Unassigned	-	-	-	(22,244)
Total Fund Balances	5,693	6,236	-	243,192
Total Liabilities and Fund Balances	\$ 6,179	\$ 70,198	\$ -	\$ 265,436

Basin Street	EDA Grant	Community	Mall Maintenance	County Library	ZIP Books State	SB 2 Grant	HOME-PI
\$ 195,184	\$ -	\$ 63,883	\$ 23,204	\$ 264,616	\$ 1,884	\$ -	\$ 5,431
-	-	-	-	-	-	-	-
-	-	-	-	442	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 195,184</u>	<u>\$ -</u>	<u>\$ 63,883</u>	<u>\$ 23,204</u>	<u>\$ 265,058</u>	<u>\$ 1,884</u>	<u>\$ -</u>	<u>\$ 5,431</u>
\$ -	\$ -	\$ -	\$ -	\$ 153,365	\$ -	\$ -	\$ 3,100
-	-	-	-	305	-	-	-
-	386,854	-	-	-	-	24,199	-
-	386,854	-	-	153,670	-	24,199	3,100
-	-	-	-	-	-	-	-
195,184	-	63,883	23,204	111,388	1,884	-	2,331
-	(386,854)	-	-	-	-	(24,199)	-
<u>195,184</u>	<u>(386,854)</u>	<u>63,883</u>	<u>23,204</u>	<u>111,388</u>	<u>1,884</u>	<u>(24,199)</u>	<u>2,331</u>
<u>\$ 195,184</u>	<u>\$ -</u>	<u>\$ 63,883</u>	<u>\$ 23,204</u>	<u>\$ 265,058</u>	<u>\$ 1,884</u>	<u>\$ -</u>	<u>\$ 5,431</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	Northnet Train	CLSA Delivery	Fire DIF	Police DIF
ASSETS				
Cash and investments	\$ 4,768	\$ 9,853	\$ 129,612	\$ 60,148
Receivables:				
Accounts	-	14,910	-	-
Interest	-	-	377	130
Intergovernmental	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 4,768</u>	<u>\$ 24,763</u>	<u>\$ 129,989</u>	<u>\$ 60,278</u>
LIABILITIES				
Accounts payable	\$ -	\$ 7,892	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>7,892</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	4,768	16,871	129,989	60,278
Unassigned	-	-	-	-
Total Fund Balances	<u>4,768</u>	<u>16,871</u>	<u>129,989</u>	<u>60,278</u>
Total Liabilities and Fund Balances	<u>\$ 4,768</u>	<u>\$ 24,763</u>	<u>\$ 129,989</u>	<u>\$ 60,278</u>

LIT Passthru	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library DIF	State Recycle Grant	Gas Tax 2103
\$ 5,416	\$ 151,142	\$ 180,292	\$ 332,305	\$ 386,247	\$ 141,162	\$ 8,969	\$ 210,289
-	-	-	-	-	-	-	-
4	344	491	848	1,105	328	-	544
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 5,420</u>	<u>\$ 151,486</u>	<u>\$ 180,783</u>	<u>\$ 333,153</u>	<u>\$ 387,352</u>	<u>\$ 141,490</u>	<u>\$ 8,969</u>	<u>\$ 210,833</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,420	151,486	180,783	333,153	387,352	141,490	8,969	210,833
-	-	-	-	-	-	-	-
<u>5,420</u>	<u>151,486</u>	<u>180,783</u>	<u>333,153</u>	<u>387,352</u>	<u>141,490</u>	<u>8,969</u>	<u>210,833</u>
<u>\$ 5,420</u>	<u>\$ 151,486</u>	<u>\$ 180,783</u>	<u>\$ 333,153</u>	<u>\$ 387,352</u>	<u>\$ 141,490</u>	<u>\$ 8,969</u>	<u>\$ 210,833</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	SLESF COPS Grant	Total
ASSETS		
Cash and investments	\$ 46,727	\$ 3,019,239
Receivables:		
Accounts	-	15,020
Interest	-	6,376
Intergovernmental	-	20,972
Loans receivable	-	539,014
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Total Assets	\$ 46,727	\$ 3,600,621
	<hr/>	<hr/>
LIABILITIES		
Accounts payable	\$ -	\$ 231,903
Salaries and benefits payable	-	791
Due to other funds	-	444,070
	<hr/>	<hr/>
Total Liabilities	-	676,764
	<hr/>	<hr/>
FUND BALANCES		
Nonspendable	-	539,014
Restricted	46,727	2,831,913
Unassigned	-	(447,070)
	<hr/>	<hr/>
Total Fund Balances	46,727	2,923,857
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Total Liabilities and Fund Balances	\$ 46,727	\$ 3,600,621
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CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	GT 2103 Repay	Cert Access	STIP	RSTP Gas Tax
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	160	984	86,660
Use of money and property	56	-	74	2,079
Other revenue	-	-	-	-
Total Revenues	56	160	1,058	88,739
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	4,399
Community development	-	-	-	-
Recreation and culture	-	-	-	-
Education	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	4,399
Excess of Revenues Over (Under) Expenditures	56	160	1,058	84,340
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	56	160	1,058	84,340
Fund Balances - Beginning	18	7,871	-	190,414
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	18	7,871	-	190,414
Fund Balances - Ending	\$ 74	\$ 8,031	\$ 1,058	\$ 274,754

SB1EPMT Gas Tax	CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	COVID-19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115,087	587	24,763	31,628	19,244	42,798	2,000	-
1,157	6,374	303	956	-	176	51	-
-	-	-	-	-	-	-	-
116,244	6,961	25,066	32,584	19,244	42,974	2,051	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	796
-	-	13,951	7,675	32,137	433	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	13,951	7,675	32,137	433	-	796
116,244	6,961	11,115	24,909	(12,893)	42,541	2,051	(796)
-	-	-	-	-	-	-	-
-	(27,059)	-	-	-	-	-	-
-	(27,059)	-	-	-	-	-	-
116,244	(20,098)	11,115	24,909	(12,893)	42,541	2,051	(796)
110,587	-	30,989	117,721	-	-	3,917	(84)
-	293,676	-	-	-	-	-	-
110,587	293,676	30,989	117,721	-	-	3,917	(84)
\$ 226,831	\$ 273,578	\$ 42,104	\$ 142,630	\$ (12,893)	\$ 42,541	\$ 5,968	\$ (880)

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Recreation Reimb	Recreation & Culture	USDA Biomass	CDBG OTC
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	2,105	-	17,861	336,443
Use of money and property	51	101	-	-
Other revenue	-	5,397	-	-
Total Revenues	2,156	5,498	17,861	336,443
EXPENDITURES				
Current:				
General government	-	-	11,093	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	29,656
Recreation and culture	7,159	-	-	-
Education	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	2,310
Total Expenditures	7,159	-	11,093	31,966
Excess of Revenues Over (Under) Expenditures	(5,003)	5,498	6,768	304,477
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	27,059
Transfers out	-	-	-	(600,219)
Total Other Financing Sources (Uses)	-	-	-	(573,160)
Net Change in Fund Balances	(5,003)	5,498	6,768	(268,683)
Fund Balances - Beginning	10,696	738	(6,768)	511,875
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	10,696	738	(6,768)	511,875
Fund Balances - Ending	\$ 5,693	\$ 6,236	\$ -	\$ 243,192

Basin Street	EDA Grant	Community	Mall Maintenance	County Library	ZIP Books State	SB 2 Grant	HOME-PI
\$ -	\$ -	\$ -	\$ -	\$ 403	\$ -	\$ -	\$ -
-	(483,664)	25,048	-	73,499	128	18,593	-
2	-	6,527	(1)	1,162	-	-	-
-	-	-	-	366	-	1	-
2	(483,664)	31,575	(1)	75,430	128	18,594	-
-	-	-	-	-	-	42,793	-
-	-	-	-	-	-	-	-
-	-	-	227	-	-	-	-
554	1,663	71,753	-	-	-	-	3,100
-	-	-	-	17,150	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
22,099	-	-	-	-	-	-	-
43,234	99,070	-	-	-	-	-	-
65,887	100,733	71,753	227	17,150	-	42,793	3,100
(65,885)	(584,397)	(40,178)	(228)	58,280	128	(24,199)	(3,100)
419,098	-	-	-	-	-	-	-
(74,219)	-	-	-	-	-	-	-
344,879	-	-	-	-	-	-	-
278,994	(584,397)	(40,178)	(228)	58,280	128	(24,199)	(3,100)
(83,810)	(653,007)	104,061	23,432	53,108	1,756	-	5,431
-	850,550	-	-	-	-	-	-
(83,810)	197,543	104,061	23,432	53,108	1,756	-	5,431
\$ 195,184	\$ (386,854)	\$ 63,883	\$ 23,204	\$ 111,388	\$ 1,884	\$ (24,199)	\$ 2,331

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Northnet Train	CLSA Delivery	Fire DIF	Police DIF
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	19,933	60,068	29,246
Use of money and property	-	-	975	385
Other revenue	-	-	-	-
Total Revenues	<u>-</u>	<u>19,933</u>	<u>61,043</u>	<u>29,631</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Recreation and culture	-	-	-	-
Education	-	15,941	-	-
Debt Service:				
Principal	-	-	58,185	-
Interest	-	-	4,246	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>15,941</u>	<u>62,431</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>3,992</u>	<u>(1,388)</u>	<u>29,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>3,992</u>	<u>(1,388)</u>	<u>29,631</u>
Fund Balances - Beginning	4,768	12,879	131,377	30,647
Prior period adjustment	-	-	-	-
Fund Balances - Beginning, Restated	<u>4,768</u>	<u>12,879</u>	<u>131,377</u>	<u>30,647</u>
Fund Balances - Ending	<u><u>\$ 4,768</u></u>	<u><u>\$ 16,871</u></u>	<u><u>\$ 129,989</u></u>	<u><u>\$ 60,278</u></u>

LIT Passthru	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library DIF	State Recycle Grant	Gas Tax 2103
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
54,056	123,443	44,827	54,168	24,112	37,848	-	41,418
14	857	1,397	2,271	2,969	890	-	1,512
-	-	-	-	-	-	-	-
54,070	124,300	46,224	56,439	27,081	38,738	-	42,930
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	554	-	-	-	-	-	163
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
48,650	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,927	-	-	-	-	-	-
48,650	15,481	-	-	-	-	-	163
5,420	108,819	46,224	56,439	27,081	38,738	-	42,767
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,420	108,819	46,224	56,439	27,081	38,738	-	42,767
-	42,667	134,559	276,714	360,271	102,752	8,969	168,066
-	-	-	-	-	-	-	-
-	42,667	134,559	276,714	360,271	102,752	8,969	168,066
\$ 5,420	\$ 151,486	\$ 180,783	\$ 333,153	\$ 387,352	\$ 141,490	\$ 8,969	\$ 210,833

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	SLESF COPS Grant	Total
REVENUES		
Licenses and permits	\$ -	\$ 403
Intergovernmental revenues	156,727	959,770
Use of money and property	-	30,338
Other revenue	-	5,764
Total Revenues	<u>156,727</u>	<u>996,275</u>
EXPENDITURES		
Current:		
General government	-	53,886
Public protection	120,000	120,796
Public ways and facilities	-	59,539
Community development	-	106,726
Recreation and culture	-	24,309
Education	-	64,591
Debt Service:		
Principal	-	58,185
Interest	-	26,345
Capital outlay	-	159,541
Total Expenditures	<u>120,000</u>	<u>673,918</u>
Excess of Revenues Over (Under) Expenditures	<u>36,727</u>	<u>322,357</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	446,157
Transfers out	-	(701,497)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(255,340)</u>
Net Change in Fund Balances	<u>36,727</u>	<u>67,017</u>
Fund Balances - Beginning	10,000	1,712,614
Prior period adjustment	-	1,144,226
Fund Balances - Beginning, Restated	<u>10,000</u>	<u>2,856,840</u>
Fund Balances - Ending	<u>\$ 46,727</u>	<u>\$ 2,923,857</u>

Continued (Page 4 of 4)

Debt Service Fund

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CITY OF WILLOWS
Balance Sheet
Debt Service Fund
June 30, 2021

	<u>Debt Service</u>
ASSETS	
Cash and investments	\$ -
Receivables	
Total Assets	<u>\$ -</u>
LIABILITIES	
Accounts payable	\$ -
Total Liabilities	<u>-</u>
FUND BALANCES	
Unassigned	<u>-</u>
Total Fund Balances	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>

CITY OF WILLOWS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Debt Service Fund
For the Year Ended June 30, 2021

	<u>Debt Service</u>
REVENUES	
Taxes and assessments	\$ -
Total Revenues	<u>-</u>
EXPENDITURES	
Debt service:	
Principal	568,043
Total Expenditures	<u>568,043</u>
Excess of Revenues Over (Under) Expenditures	<u>(568,043)</u>
OTHER FINANCING SOURCES (USES)	
Debt proceeds	419,098
Transfers in	568,043
Transfers out	(419,098)
Total Other Financing Sources (Uses)	<u>568,043</u>
Net Change in Fund Balances	-
Fund Balances - Beginning	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>