

**CITY OF WILLOWS,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2022**

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CITY OF WILLOWS
Annual Financial Report
For the Year Ended June 30, 2022

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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, 2022

City Council

Larry Domenighini	Mayor
Gary Hansen	Vice Mayor
Robert Griffith	Council Member
Jeff Williams	Council Member
Vacant	Council Member

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **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 Audit of the Financial Statements**Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, City Pension Plan, City OPEB Plan, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

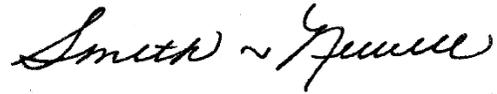
Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information,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

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

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 January 9, 2023, 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.



Smith & Newell CPAs
Yuba City, California
January 9, 2023

**Management's Discussion and Analysis
(Unaudited)**

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CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

INTRODUCTION

As management of the City of Willows (the City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with additional information, which can be found in the City's financial statements that follow this discussion.

FINANCIAL HIGHLIGHTS

Government-Wide:

- The City's total net position (assets minus liabilities) increased \$9,166,715 as of June 30, 2022. Governmental activities increased the City's net position by \$9,213,777 and business-type activities decreased the City's net position by \$47,062.
- Government-Wide *governmental* revenues include program revenues of \$4,977,809 and general revenues of \$3,996,262 for a total of \$8,974,071.
- Government-Wide *governmental* expenses were (\$239,706) – Note: This amount includes a pension liability negative expenditure adjustment of \$6,111,689, effectively reducing aggregate expenditures to a negative amount.
- Government-Wide *business-type* revenues include program revenues of \$1,488,397 and general revenues of \$13,199, for a total of \$1,501,596.
- Government-Wide *business-type* expenses were \$1,548,658.

Fund Level:

- Governmental fund balance increased to \$12,276,389 in fiscal year (FY) 2021-22, up from \$9,543,677 in the prior year primarily due to the receipt of federal Community Development Block Grant (CDBG) Funding loaned to both the Rumiano Cheese Company and Sycamore Street Apartments Project; recognition of one-time funding related to defeasance of a development agreement; and funding received from the Economic Development Administration (EDA) related to the closeout of the South Willows Infrastructure Projects.
- Governmental fund revenues were \$8,974,071 in FY 2021-22, slightly lower than the \$9,102,184 received in the prior fiscal year. This decrease can be primarily attributed to the one-time recognition of revenues in the General Fund during FY 2020-21 that did not carry over into FY 2021-22; offset by various increases and decreases in all other governmental funds.
- Governmental fund expenditures were \$6,241,359 in FY 2021-22, significantly lower than the \$13,651,695 reported in the prior fiscal year mainly due to the expenditure of debt proceeds related to the issuance of Pension Obligation Bonds in FY 2020-21 (payoff of CalPERS Unfunded Liability was recognized as an expenditure in the governmental funds).

General Fund:

- General Fund revenues of \$5,178,725 were lower by \$136,362 from the prior fiscal year mainly due to the recognition of one-time revenues in FY 2020-21 (accounting true-up for accrued sales tax and transient occupancy tax; and other one-time revenues).

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

- General Fund expenditures of \$5,048,769 represented a decrease of \$7,348,262 over the prior fiscal year. As noted above, this decrease is related to the payoff of the CalPERS Unfunded Liability via the issuance of Pension Obligation Bonds.
- The fund balance of the General Fund was \$2,442,458 as of June 30, 2022, compared to the fund balance of \$2,052,952 reported for FY 2020-21.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements separate the City's activities into two areas:

Governmental Activities – These services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered governmental activities including public safety, community development, public works, parks and recreation, education and general administration.

Business-Type Activities – These services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater systems are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year revenues and expenses are taken into account regardless of when the cash is received or paid. The two statements can be generally described as follows:

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Willows is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the City (including infrastructure) and all liabilities (including long-term debt) and exclude certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. A reconciliation between the two is provided on pages 17 and 19 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Willows, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds in the City of Willows can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in the reconciliation on pages 17 and 19.

Proprietary Funds - When the City charges customers for services it provides, whether outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The City uses proprietary funds to account for its water and wastewater operations.

Notes to Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information and supplemental information.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide long-term and short-term information about the City's overall financial conditions. This analysis addresses the financial statements of the City as a whole.

City of Willows
Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 9,961,432	\$ 17,705,881	\$ 887,231	\$ 5,064,574	\$ 10,848,663	\$ 22,770,455
Capital assets	12,057,072	11,716,209	9,367,243	9,098,142	21,424,315	20,814,351
Total Assets	22,018,504	29,422,090	10,254,474	14,162,716	32,272,978	43,584,806
Employer pension contributions	9,075,855	7,991,816	826,878	728,114	9,902,733	8,719,930
Employer OPEB contributions	10,828	8,456	3,054	2,385	13,882	10,841
Total Deferred Outflows of Resources	9,086,683	8,000,272	829,932	730,499	9,916,615	8,730,771
Current liabilities	420,807	1,411,372	63,368	81,399	484,175	1,492,771
Long-term liabilities	16,805,023	8,159,677	7,066,461	10,469,318	23,871,484	18,628,995
Total Liabilities	17,225,830	9,571,049	7,129,829	10,550,717	24,355,659	20,121,766
Deferred pension adjustments	351,598	5,102,046	32,033	464,835	383,631	5,566,881
Deferred OPEB adjustments	6,424	14,155	1,812	3,993	8,236	18,148
Total Deferred Inflows of Resources	358,022	5,116,201	33,845	468,828	391,867	5,585,029
Net position						
Net investment in capital assets	11,140,509	11,012,336	3,776,243	(681,504)	14,916,752	10,330,832
Restricted	8,106,990	10,003,053	-	-	8,106,990	10,003,053
Unrestricted	(5,726,164)	1,719,723	144,489	4,555,174	(5,581,675)	6,274,897
Total Net Position	\$ 13,521,335	\$ 22,735,112	\$ 3,920,732	\$ 3,873,670	\$ 17,442,067	\$ 26,608,782

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Net position represents the difference between the City's resources and its obligations. On June 30, 2022, the largest portion of the City's total net position, 38.9% (\$10,330,832), reflects net position invested in capital assets (the value of city-wide assets less any outstanding debt issued to purchase/construct assets). Restricted net position makes up the second largest component of net position (\$10,003,053) and represents the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position (\$6,274,897) represents the portion of net position that can be used towards day-to-day operations and other programmatic and one-time expenditures as determined by the City Council.

Overall, the net position for the governmental portion of the City funds has increased \$9,213,777 mainly due the receipt of federal Community Development Block Grant (CDBG) Funding loaned to both Rumiano Cheese Company and Sycamore Street Apartments Project; recognition of one-time funding related to defeasance of a development agreement; funding received from the Economic Development Administration (EDA) related to the closeout of the South Willows Infrastructure Project; and a one-time annual adjustment related to the CalPERS Unfunded Liability due to a large investment gain from FY 2020-21 ultimately resulting in the City having a net pension asset of \$4.39 million.

Restricted net position of \$10,003,053 represents resources subject to external restrictions as to how they may be used. The Governmental Activities unrestricted net position of \$1,719,723 represents amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors. The Business-type Activities unrestricted net position of \$4,555,174 represent amounts that may be used to meet the ongoing operations and capital replacement for the City's water and wastewater systems.

City of Willows
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 417,914	\$ 266,110	\$ 1,688,202	\$ 1,488,397	\$ 2,106,116	\$ 1,754,507
Operating grants and contributions	4,475,781	4,485,048	-	-	4,475,781	4,485,048
Capital grants and contributions	-	-	-	-	-	-
<i>General Revenues</i>						
Property taxes	1,691,943	1,331,884	-	-	1,691,943	1,331,884
Property transfer taxes	12,274	22,753	-	-	12,274	22,753
Sales and use taxes	900,635	1,645,030	-	-	900,635	1,645,030
Transient Occupancy Taxes	840,304	821,944	-	-	840,304	821,944
Franchise fees	247,366	226,651	-	-	247,366	226,651
Interest and investment earnings	81,065	77,394	5,377	3,199	86,442	80,593
Other revenues	434,902	97,257	-	10,000	434,902	107,257
Total Revenues	<u>\$ 9,102,184</u>	<u>\$ 8,974,071</u>	<u>\$ 1,693,579</u>	<u>\$ 1,501,596</u>	<u>\$ 10,795,763</u>	<u>\$ 10,475,667</u>

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

City of Willows
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Expenses						
General government	\$ 1,705,254	\$ (4,816,095)	\$ -	\$ -	\$ 1,705,254	\$ (4,816,095)
Public protection	2,665,035	2,386,539	-	-	2,665,035	2,386,539
Public ways and facilities	984,997	1,005,859	-	-	984,997	1,005,859
Community development	119,429	524,418	-	-	119,429	524,418
Recreation and culture	220,939	211,868	-	-	220,939	211,868
Education	269,919	304,254	-	-	269,919	304,254
Water operations	-	-	13,211	23,293	13,211	23,293
Sewer operations	-	-	1,173,381	1,266,201	1,173,381	1,266,201
Interest on long term debt	234,335	143,451	230,962	259,164	465,297	402,615
Total Expenses	<u>6,199,908</u>	<u>(239,706)</u>	<u>1,417,554</u>	<u>1,548,658</u>	<u>7,617,462</u>	<u>1,308,952</u>
Excess (deficiency) before transfers	2,902,276	9,213,777	276,025	(47,062)	3,178,301	9,166,715
Transfers	-	-	-	-	-	-
Change in net position	<u>2,902,276</u>	<u>9,213,777</u>	<u>276,025</u>	<u>(47,062)</u>	<u>3,178,301</u>	<u>9,166,715</u>
Net Position - Beginning of year	7,960,161	13,521,335	3,644,707	3,920,732	11,604,868	17,442,067
Prior Period Adjustment	2,658,898	-	-	-	2,658,898	-
Net Position - Beginning of year as restated	<u>10,619,059</u>	<u>13,521,335</u>	<u>3,644,707</u>	<u>3,920,732</u>	<u>14,263,766</u>	<u>17,442,067</u>
Net Position - End of year	<u>\$ 13,521,335</u>	<u>\$ 22,735,112</u>	<u>\$ 3,920,732</u>	<u>\$ 3,873,670</u>	<u>\$ 17,442,067</u>	<u>\$ 26,608,782</u>

Governmental Activities:

The City's governmental activities increased the City's net position by \$9,213,777. Revenues were \$8,974,071 which represented a slight decrease of \$128,113 or 1.4 percent over the prior fiscal year. This decrease can be primarily attributed to the one-time recognition of revenues in the General Fund during FY 2020-21 that did not carry over into FY 2021-22; offset by various increases and decreases in all other Governmental Funds. Governmental activities highlights include the following:

- Discretionary revenue sources including all taxes, franchise fees, and interest and other revenues in the amount of \$3,996,262 represent 44.5 percent of the total governmental activity revenue of the City. This amount is down from the \$4,208,489 recognized in the prior fiscal year mainly due to one-time revenues recognized in FY 2020-21 that did not carry over into FY 2021-22.
- Charges for services, operating grants, and capital grants provided \$4,977,809 or 55.5 percent of the total governmental activity revenue of the City. This amount represents an increase of \$84,114 from the prior fiscal year amount of \$4,893,695. Charges for services related to building, planning and other fees derive the majority of this increase.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Business Type Activities:

The City's business type activities decreased the City's net position by \$47,062. This slight decrease is mainly due to the non-receipt of sewer use fees from the Northeast Willows Community Services District (will be collected in FY 2022-23) offset by normal increases in enterprise fund operating costs. Revenues were \$1,501,596 which represents a decrease of \$191,983 primarily due to the non-receipt of sewer use fees noted above. Business type activities highlights include the following:

- Charges for services provided \$1,488,397 or 99.1 percent of the total business type activities revenue of the City (these are rates charged to users of both the sewer and water enterprises).

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources. The City's governmental funds reported combined fund balance on June 30, 2022, of \$12,276,389. The General Fund increased \$389,506 and other Governmental Funds increased by \$2,343,206. The General Fund increase was mainly due to recognition of one-time funding related to defeasance of a development agreement. The Other Governmental Funds increase of \$2,343,206 was primarily due to the receipt of federal Community Development Block Grant (CDBG) Funding loaned to both the Rumiano Cheese Company and Sycamore Street Apartments Project; recognition of one-time funding related to defeasance of a development agreement; and funding received from the Economic Development Administration (EDA) related to the closeout of the South Willows Infrastructure Projects.

Analysis of the General Fund

The General Fund is the primary operating fund of the City. It accounts for revenues and expenditures associated with fire services, public works, engineering, planning, building inspections, finance, parks, City clerk, City attorney, and City administration; and a contract for police services.

General fund revenues totaled \$5,178,725 in fiscal year 2021-22, a decrease of \$136,362 over the prior fiscal year. This was primarily due to the recognition of one-time revenues in FY 2020-21 (accounting true-up for accrued sales tax and transient occupancy tax; and other one-time revenues).

General fund expenditures totaled \$5,048,769 in fiscal year 2021-22, a decrease of \$7,348,262 over last fiscal year. This decrease was primarily related to the payoff of the CalPERS Unfunded Liability via the issuance of Pension Obligation Bonds in the prior fiscal year (a large expenditure was recognized).

At the end of fiscal year 2021-22, the fund balance for the City's General Fund was \$2,442,458 an increase of \$389,506 from the prior fiscal year. The fund balance in the General Fund was comprised of \$100,212 which is non-spendable for long-term receivables and prepaid items; \$205,000 which is committed for contingencies and future capital; and \$2,137,246 which is unassigned. The unassigned portion of the fund balance in the General Fund increased \$450,027 when compared to the FY 2020-21 unassigned balance.

CITY OF WILLOWS
Management's Discussion and Analysis
For the Year Ended June 30, 2022

Analysis of Major Proprietary Funds

Water

- The Water Fund is financed and operated in a manner similar to that of a private business. The Fund's net position went from \$76,681 in fiscal year 2020-21 to \$59,430 in fiscal year 2021-22 representing a decrease of \$17,251. Operating revenues were \$6,057, a 43.3 percent increase due mainly to increased charges for services. Operating expenses were \$23,293, a 76.3 percent increase over the prior fiscal year mainly due to operating and permit costs incurred in FY 2021-22. The Fund's net investment in capital assets went from \$70,217 in fiscal year 2020-21 to \$66,099 in fiscal year 2021-22. The Fund ended the fiscal year with a negative unrestricted net position of (\$6,669). This fund may be ultimately be reviewed for sustainability as a going concern.

Wastewater

- The Wastewater fund is financed and operated in a manner similar to that of a private business. The Fund's fiscal year 2020-21 net position of \$3,844,051 decreased \$29,811 in fiscal year 2021-2022 to \$3,814,240. Operating revenues were \$1,492,340, a 10.2 percent increase over the prior fiscal year mainly due the non-receipt of sewer use fees from the Northeast Willows Community Services District (will be collected in FY 2022-23). Operating expenses were \$970,781, a 17.2 percent decrease over the prior fiscal year mainly due to a one-time CalPERS expenditure adjustment (negative expenditures for salary component of expenditures) related to the recognition of a net pension asset due to a large investment gain earned by CalPERS in FY 2020-21. The Fund's net investment in capital assets went from \$3,706,026 in fiscal year 2020-21 to (\$747,603) in fiscal year 2021-22, recognizing the refunding of the USDA debt and issuance of new debt to upgrade the City's Sewer infrastructure. The Fund ended the fiscal year with an unrestricted net position of \$4,561,843.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital assets

At the end of fiscal year 2021-22, the City had invested \$30.5 million (net of depreciation = \$20.8 million) in a broad range of capital assets, including fire equipment, buildings, park facilities, street and storm drainage improvements and water and wastewater facilities. Additional detailed information on the City's capital assets is presented Note 4 to the financial statements on pages 38 and 39.

The financial statements summarize the City's accounting policies regarding capital assets in Note 1 of the note disclosures. In general terms, the city capitalizes assets in governmental funds at the \$500 level. These capital assets are depreciated on a straight-line basis varied from 3 years to 75 years.

CITY OF WILLOWS
Management’s Discussion and Analysis
For the Year Ended June 30, 2022

City of Willows
Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2022	2021	2022	2021	2022
Construction in progress	\$ -	\$ 16,017	\$ -	\$ -	\$ -	\$ 16,017
Infrastructure	10,199,134	9,965,200	529,829	515,213	10,728,963	10,480,413
Buildings and improvements	759,960	725,860	8,837,414	8,582,929	9,597,374	9,308,789
Equipment and vehicles	1,097,978	1,009,132	-	-	1,097,978	1,009,132
Totals	\$ 12,057,072	\$ 11,716,209	\$ 9,367,243	\$ 9,098,142	\$ 21,424,315	\$ 20,814,351

Long-Term Debt

At fiscal year-end, the City had \$18,520,881 in loans, bonds, certificates of participation, leases and compensated absences outstanding compared to \$15,103,085 outstanding on June 30, 2021. Governmental activities long-term debt decreased \$710,004 due to a decrease in capital lease and compensated absences obligations; initial payment on the CalPERS Pension Obligation Bonds and payment on the UMPQUA “Gap” Loan. Business-type activities long-term debt increased \$4,127,800 mainly due to the refunding of the USDA debt and additional debt made available for future Wastewater System projects; offset by the initial payment on the CalPERS Pension Obligation Bonds. Additional detailed information on the City’s long-term debt is presented Note 6 to the financial statements on pages 40 through 44.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

While the City continues to recover from the effects of the COVID-19 pandemic; management is cognizant of the recent significant increases in interest rates nationwide which may ultimately impact regional and local economics. By the beginning of FY 2022-23, the City will have received \$1.45 million in Local American Rescue Plan Act (ARPA) funding from the federal government. Some of this funding has been programmed for use in the FY 2022-23 budget year; and the balance is expected to be included with the FY 2023-24 budget development process.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any information provided in this report or request for additional financial information should be directed to:

City of Willows Finance Department
201 N. Lassen Street, Willows, CA 95988
(530) 934-7041
mbrown@cityofwillows.org

Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF WILLOWS
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 5,847,658	\$ 740,000	\$ 6,587,658
Receivables:			
Accounts	20,432	58,466	78,898
Interest	2,319	143	2,462
Taxes	590,932	-	590,932
Intergovernmental	27,805	-	27,805
Investment in JPA	92,274	-	92,274
Prepaid costs	7,938	-	7,938
Internal balances	3,693	(3,693)	-
Due from external agencies	163	-	163
Restricted cash and investments	-	3,903,299	3,903,299
Loans receivable	7,091,495	-	7,091,495
Net pension asset	4,021,172	366,359	4,387,531
Capital assets:			
Non-depreciable	16,017	-	16,017
Depreciable, net	11,700,192	9,098,142	20,798,334
Total capital assets	<u>11,716,209</u>	<u>9,098,142</u>	<u>20,814,351</u>
Total Assets	<u>29,422,090</u>	<u>14,162,716</u>	<u>43,584,806</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	7,991,816	728,114	8,719,930
Deferred OPEB adjustments	8,456	2,385	10,841
Total Deferred Outflows of Resources	<u>8,000,272</u>	<u>730,499</u>	<u>8,730,771</u>
LIABILITIES			
Accounts payable	444,834	3,998	448,832
Salaries and benefits payable	37,973	582	38,555
Unearned revenue	651,064	-	651,064
Other liabilities	274,449	415	274,864
Interest payable	3,052	76,404	79,456
Long-term liabilities:			
Due within one year	761,399	117,676	879,075
Due in more than one year	7,313,949	10,327,857	17,641,806
Net OPEB liability	84,329	23,785	108,114
Total Liabilities	<u>9,571,049</u>	<u>10,550,717</u>	<u>20,121,766</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	5,102,046	464,835	5,566,881
Deferred OPEB adjustments	14,155	3,993	18,148
Total Deferred Inflows of Resources	<u>5,116,201</u>	<u>468,828</u>	<u>5,585,029</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, 2022

NET POSITION	Governmental Activities	Business-Type Activities	Totals
Net investment in capital assets	11,012,336	(681,504)	10,330,832
Restricted for:			
General government	109,834	-	109,834
Public protection	129,204	-	129,204
Public ways and facilities	1,917,247	-	1,917,247
Community development	7,308,040	-	7,308,040
Recreation and culture	344,766	-	344,766
Education	193,962	-	193,962
Unrestricted	1,719,723	4,555,174	6,274,897
Total Net Position	\$ 22,735,112	\$ 3,873,670	\$ 26,608,782

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

Continued (Page 2 of 2)

CITY OF WILLOWS
Statement of Activities
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ (4,816,095)	\$ 97,207	\$ 1,520	\$ -
Public protection	2,386,539	73,162	161,842	-
Public ways and facilities	1,005,859	73,959	1,060,661	-
Community development	524,418	-	3,070,644	-
Recreation and culture	211,868	21,306	13,898	-
Education	304,254	476	176,483	-
Interest on long-term debt	143,451	-	-	-
Total Governmental Activities	(239,706)	266,110	4,485,048	-
Business-type activities:				
Water	23,293	6,057	-	-
Sewer	1,266,201	1,482,340	-	-
Interest on long-term debt	259,164	-	-	-
Total Business-Type Activities	1,548,658	1,488,397	-	-
Total	\$ 1,308,952	\$ 1,754,507	\$ 4,485,048	\$ -

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

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
\$ 4,914,822	\$ -	\$ 4,914,822
(2,151,535)	-	(2,151,535)
128,761	-	128,761
2,546,226	-	2,546,226
(176,664)	-	(176,664)
(127,295)	-	(127,295)
(143,451)	-	(143,451)
4,990,864	-	4,990,864
-	(17,236)	(17,236)
-	216,139	216,139
-	(259,164)	(259,164)
-	(60,261)	(60,261)
4,990,864	(60,261)	4,930,603
1,331,884	-	1,331,884
22,753	-	22,753
1,645,030	-	1,645,030
821,944	-	821,944
226,651	-	226,651
77,394	3,199	80,593
97,257	10,000	107,257
4,222,913	13,199	4,236,112
9,213,777	(47,062)	9,166,715
13,521,335	3,920,732	17,442,067
\$ 22,735,112	\$ 3,873,670	\$ 26,608,782

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>CDBG OTC</u>	<u>CDBG HOME Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS					
Cash and investments	\$ 2,227,732	\$ 19,187	\$ 8,877	\$ 3,591,862	\$ 5,847,658
Receivables:					
Accounts	20,432	-	-	-	20,432
Interest	1,685	-	-	634	2,319
Taxes	521,413	-	-	69,519	590,932
Intergovernmental	5,540	-	-	22,265	27,805
Investment in JPA	92,274	-	-	-	92,274
Prepaid costs	7,938	-	-	-	7,938
Due from other funds	56,315	-	-	42,364	98,679
Loans receivable	-	1,837,645	5,000,000	253,850	7,091,495
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 2,933,329	\$ 1,856,832	\$ 5,008,877	\$ 3,980,494	\$ 13,779,532
LIABILITIES					
Accounts payable	\$ 395,940	\$ 125	\$ -	\$ 48,769	\$ 444,834
Salaries and benefits payable	37,457	-	-	516	37,973
Other liabilities	57,474	-	-	216,975	274,449
Due to other funds	-	-	-	94,823	94,823
Unearned revenue	-	-	-	651,064	651,064
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	490,871	125	-	1,012,147	1,503,143
FUND BALANCES					
Nonspendable	100,212	1,837,645	5,000,000	253,850	7,191,707
Restricted	-	19,062	8,877	2,811,346	2,839,285
Committed	205,000	-	-	-	205,000
Unassigned	2,137,246	-	-	(96,849)	2,040,397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	2,442,458	1,856,707	5,008,877	2,968,347	12,276,389
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 2,933,329	\$ 1,856,832	\$ 5,008,877	\$ 3,980,494	\$ 13,779,532

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, 2022

Total Fund Balance - Total Governmental Funds	\$ 12,276,389
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.	11,716,209
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.	8,000,272
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(5,116,201)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(7,319,113)
Loans payable	(573,500)
Capital leases payable	(130,373)
Compensated absences payable	(52,362)
Net pension asset	4,021,172
Net OPEB liability	(84,329)
Net Position of Governmental Activities	<u><u>\$ 22,735,112</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, 2022

	General	CDBG OTC	CDBG HOME Grant	Other Governmental Funds	Totals
REVENUES					
Taxes	\$ 4,048,262	\$ -	\$ -	\$ -	\$ 4,048,262
Licenses and permits	98,078	-	-	476	98,554
Fines and forfeitures	13,019	-	-	-	13,019
Intergovernmental revenues	721,646	1,637,296	884,769	1,241,337	4,485,048
Use of money and property	58,844	-	-	18,550	77,394
Charges for services	153,713	-	-	824	154,537
Other revenues	85,163	-	-	12,094	97,257
Total Revenues	<u>5,178,725</u>	<u>1,637,296</u>	<u>884,769</u>	<u>1,273,281</u>	<u>8,974,071</u>
EXPENDITURES					
Current:					
General government	1,220,592	-	-	60,340	1,280,932
Public protection	2,259,443	-	-	75,212	2,334,655
Public ways and facilities	606,715	-	-	175,435	782,150
Community development	-	23,781	442,760	57,877	524,418
Education	252,342	-	-	51,912	304,254
Recreation and culture	112,449	-	-	49,180	161,629
Debt service:					
Principal	481,163	-	-	212,690	693,853
Interest and other charges	116,065	-	-	27,386	143,451
Capital outlay	-	-	-	16,017	16,017
Total Expenditures	<u>5,048,769</u>	<u>23,781</u>	<u>442,760</u>	<u>726,049</u>	<u>6,241,359</u>
Excess of Revenues Over (Under) Expenditures	<u>129,956</u>	<u>1,613,515</u>	<u>442,009</u>	<u>547,232</u>	<u>2,732,712</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	260,932	-	-	24,570	285,502
Transfers out	(1,382)	-	-	(284,120)	(285,502)
Total Other Financing Sources (Uses)	<u>259,550</u>	<u>-</u>	<u>-</u>	<u>(259,550)</u>	<u>-</u>
Net Change in Fund Balances	<u>389,506</u>	<u>1,613,515</u>	<u>442,009</u>	<u>287,682</u>	<u>2,732,712</u>
Fund Balances - Beginning	<u>2,052,952</u>	<u>243,192</u>	<u>4,566,868</u>	<u>2,680,665</u>	<u>9,543,677</u>
Fund Balances - Ending	<u>\$ 2,442,458</u>	<u>\$ 1,856,707</u>	<u>\$ 5,008,877</u>	<u>\$ 2,968,347</u>	<u>\$ 12,276,389</u>

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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 2,732,712
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	16,017
Less current year depreciation	(356,880)
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	693,853
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	(1,086,411)
Change in deferred inflows of resources related to pension and OPEB	(4,758,179)
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	16,151
Change in net pension liability	11,946,176
Change in net OPEB liability	10,338
Change in Net Position of Governmental Activities	\$ 9,213,777

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

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CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2022

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 470,638	\$ 269,362	\$ -	\$ 740,000
Receivables:				
Accounts	58,466	-	-	58,466
Interest	81	62	-	143
Total Current Assets	<u>529,185</u>	<u>269,424</u>	<u>-</u>	<u>798,609</u>
Noncurrent Assets:				
Restricted cash and investments	3,903,299	-	-	3,903,299
Net pension asset	366,359	-	-	366,359
Depreciable, net	8,582,929	449,114	66,099	9,098,142
Total Noncurrent Assets	<u>12,852,587</u>	<u>449,114</u>	<u>66,099</u>	<u>13,367,800</u>
Total Assets	<u>13,381,772</u>	<u>718,538</u>	<u>66,099</u>	<u>14,166,409</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	728,114	-	-	728,114
Deferred OPEB adjustments	2,385	-	-	2,385
Total Deferred Outflows of Resources	<u>730,499</u>	<u>-</u>	<u>-</u>	<u>730,499</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	1,022	-	2,976	3,998
Salaries and benefits payable	582	-	-	582
Other liabilities	415	-	-	415
Due to other funds	-	-	3,693	3,693
Interest payable	76,404	-	-	76,404
Bonds payable	45,090	-	-	45,090
Loans payable	72,586	-	-	72,586
Total Current Liabilities	<u>196,099</u>	<u>-</u>	<u>6,669</u>	<u>202,768</u>
Noncurrent Liabilities:				
Bonds payable	620,797	-	-	620,797
Loans payable	9,707,060	-	-	9,707,060
Net OPEB liability	23,785	-	-	23,785
Total Noncurrent Liabilities	<u>10,351,642</u>	<u>-</u>	<u>-</u>	<u>10,351,642</u>
Total Liabilities	<u>10,547,741</u>	<u>-</u>	<u>6,669</u>	<u>10,554,410</u>

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, 2022

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	464,835	-	-	464,835
Deferred OPEB adjustments	3,993	-	-	3,993
Total Deferred Inflows of Resources	<u>468,828</u>	<u>-</u>	<u>-</u>	<u>468,828</u>
NET POSITION				
Net investment in capital assets	(1,196,717)	449,114	66,099	(681,504)
Unrestricted	4,292,419	269,424	(6,669)	4,555,174
Total Net Position	<u>\$ 3,095,702</u>	<u>\$ 718,538</u>	<u>\$ 59,430</u>	<u>\$ 3,873,670</u>

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

CITY OF WILLOWS
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 1,482,340	\$ -	\$ 6,057	\$ 1,488,397
Other revenues	10,000	-	-	10,000
Total Operating Revenues	<u>1,492,340</u>	<u>-</u>	<u>6,057</u>	<u>1,498,397</u>
OPERATING EXPENSES				
Salaries and benefits	(435,019)	-	-	(435,019)
Contractual services	798,442	-	12,101	810,543
Insurance	54,490	-	44	54,534
Memberships	1,983	-	-	1,983
Other expenses	13,415	-	5,743	19,158
Permits	3,326	-	-	3,326
Repairs and maintenance	8,738	-	998	9,736
Utilities	260,423	-	289	260,712
Depreciation	254,485	10,498	4,118	269,101
Total Operating Expenses	<u>960,283</u>	<u>10,498</u>	<u>23,293</u>	<u>994,074</u>
Operating Income (Loss)	<u>532,057</u>	<u>(10,498)</u>	<u>(17,236)</u>	<u>504,323</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,978	1,236	(15)	3,199
Interest expense	(259,164)	-	-	(259,164)
Debt issuance costs	(295,420)	-	-	(295,420)
Total Non-Operating Revenues (Expenses)	<u>(552,606)</u>	<u>1,236</u>	<u>(15)</u>	<u>(551,385)</u>
Change in Net Position	<u>(20,549)</u>	<u>(9,262)</u>	<u>(17,251)</u>	<u>(47,062)</u>
Total Net Position - Beginning	<u>3,116,251</u>	<u>727,800</u>	<u>76,681</u>	<u>3,920,732</u>
Total Net Position - Ending	<u>\$ 3,095,702</u>	<u>\$ 718,538</u>	<u>\$ 59,430</u>	<u>\$ 3,873,670</u>

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

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CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,488,804	\$ -	\$ 6,057	\$ 1,494,861
Payments to suppliers	(1,139,838)	-	(16,199)	(1,156,037)
Payments to employees	(143,548)	-	-	(143,548)
Net Cash Provided (Used) by Operating Activities	<u>205,418</u>	<u>-</u>	<u>(10,142)</u>	<u>195,276</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from the issuance of debt	9,792,232	-	-	9,792,232
Interfund loans received	-	-	3,693	3,693
Net Cash Provided (Used) by Noncapital Financing Activities	<u>9,792,232</u>	<u>-</u>	<u>3,693</u>	<u>9,795,925</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cost of issuance of new debt	(295,420)	-	-	(295,420)
Principal paid on debt	(5,634,837)	-	-	(5,634,837)
Interest paid on debt	(253,003)	-	-	(253,003)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,183,260)</u>	<u>-</u>	<u>-</u>	<u>(6,183,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,145	1,932	2	5,079
Net Cash Provided (Used) by Investing Activities	<u>3,145</u>	<u>1,932</u>	<u>2</u>	<u>5,079</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,817,535	1,932	(6,447)	3,813,020
Balances - Beginning	<u>556,402</u>	<u>267,430</u>	<u>6,447</u>	<u>830,279</u>
Balances - Ending	<u>\$ 4,373,937</u>	<u>\$ 269,362</u>	<u>\$ -</u>	<u>\$ 4,643,299</u>

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

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	<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)	\$ 532,057	\$ (10,498)	\$ (17,236)	\$ 504,323
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	254,485	10,498	4,118	269,101
Decrease (increase) in:				
Accounts receivable	(3,536)	-	-	(3,536)
Pension adjustments - deferred outflows	98,764	-	-	98,764
OPEB adjustments - deferred outflows	669	-	-	669
Increase (decrease) in:				
Accounts payable	979	-	2,976	3,955
Salaries and benefits payable	(4,672)	-	-	(4,672)
Compensated absences	(17,009)	-	-	(17,009)
Net pension liability	(1,088,386)	-	-	(1,088,386)
Net OPEB asset	(2,916)	-	-	(2,916)
Pension adjustments - deferred inflows	432,802	-	-	432,802
OPEB adjustments - deferred inflows	2,181	-	-	2,181
Net Cash Provided (Used) by Operating Activities	<u>\$ 205,418</u>	<u>\$ -</u>	<u>\$ (10,142)</u>	<u>\$ 195,276</u>

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

CITY OF WILLOWS
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	Custodial Funds	Total
ASSETS		
Cash and investments	\$ -	\$ -
Total Assets	-	-
LIABILITIES		
Due to other funds	163	163
Total Liabilities	163	163
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	(163)	(163)
Total Net Position	\$ (163)	\$ (163)

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

CITY OF WILLOWS
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	Custodial Funds	Total Fiduciary Funds
ADDITIONS		
Net investment income	\$ (95)	\$ (95)
Total Additions	(95)	(95)
DEDUCTIONS		
Distributions from pooled investments	68	68
Total Deductions	68	68
Total Change in Net Position	(163)	(163)
Net Position - Beginning	-	-
Net Position - Ending	\$ (163)	\$ (163)

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

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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, 2022

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, 2022

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 proprietary 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 CDBG OTC fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.
- 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 Maintenance fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.
- The Sewer Construction fund is an enterprise fund used to account for activity related to capital projects related to the sewer system.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

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.

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, 2022, 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 \$7,091,495 was recorded as loans receivable at June 30, 2022. 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Glenn 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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Interfund Transactions (Continued)

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.

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, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

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.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Other Postemployment Benefits (OPEB) (Continued)

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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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.

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. 87, Leases. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

Statement No. 92, Omnibus 2020. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address implications of GASB Statement No. 53 and GASB Statement No. 87 and other accounting and financial reporting implications that result from the replacement of an IBOR.

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 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

S. Future Accounting Pronouncements

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

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. 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)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2022:

Gas Tax 2106	\$ 32,371
SB 2 Grant	62,140
Home PI	1,069

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, 2022, the City’s cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 5,847,657
Business-type activities	<u>4,643,299</u>
Total Cash and Investments	<u>\$ 10,490,956</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2022, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 319
Deposits (less outstanding checks)	4,610,500
Deposits with fiscal agent	<u>4,489,465</u>
Total Cash	<u>9,100,284</u>
Investments:	
LAIF	643,672
Investments with fiscal agent	<u>747,000</u>
Total Investments	<u>1,390,672</u>
Total Cash and Investments	<u>\$ 10,490,956</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 \$9,099,965 and the bank balance was \$9,202,332. 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 \$319.

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, 2022

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, 2022, the City had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
Investments with fiscal agent	\$ 747,000	\$ 747,000	\$ -	\$ -
Total Investments Measured at Fair Value	747,000	\$ 747,000	\$ -	\$ -
Investments in External Investment Pools				
LAIF	643,672			
Total Investments	\$ 1,390,672			

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, 2022

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2022, 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	0.20-2.00%	\$ 275,000	\$ 472,000	\$ 747,000	1.48
LAIF	Variable	<u>643,672</u>	<u>-</u>	<u>643,672</u>	<u>-</u>
Total Investments		<u>\$ 918,672</u>	<u>\$ 472,000</u>	<u>\$ 1,390,672</u>	<u>1.48</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	53.72%
LAIF	N/A	Unrated	Unrated	<u>46.28%</u>
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, 2022 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, 2022

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, 2022, the City's investment in LAIF valued at amortized cost was \$643,672 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 \$231.6 billion. Of that amount, 98.12 percent is invested in non-derivative financial products and 1.88 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ -	\$ 16,017	\$ -	\$ 16,017
Total Capital Assets, Not Being Depreciated	-	16,017	-	16,017
Capital Assets, Being Depreciated				
Infrastructure	11,273,444	-	-	11,273,444
Buildings and improvements	2,324,716	-	-	2,324,716
Equipment	2,611,644	-	-	2,611,644
Total Capital Assets, Being Depreciated	16,209,804	-	-	16,209,804
Less Accumulated Depreciation For:				
Infrastructure	(1,074,310)	(233,934)	-	(1,308,244)
Buildings and improvements	(1,564,756)	(34,100)	-	(1,598,856)
Equipment	(1,513,666)	(88,846)	-	(1,602,512)
Total Accumulated Depreciation	(4,152,732)	(356,880)	-	(4,509,612)
Total Capital Assets, Being Depreciated, Net	12,057,072	(356,880)	-	11,700,192
Governmental Activities Capital Assets, Net	\$ 12,057,072	(\$ 340,863)	\$ -	\$ 11,716,209

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-Type Activities				
Capital Assets, Being Depreciated				
Infrastructure	\$ 687,030	\$ -	-	\$ 687,030
Buildings and improvements	13,629,260	-	-	13,629,260
Total Capital Assets, Being Depreciated	14,316,290	-	-	14,316,290
Less Accumulated Depreciation For:				
Infrastructure	(157,201)	(14,616)	-	(171,817)
Buildings and improvements	(4,791,846)	(254,485)	-	(5,046,331)
Total Accumulated Depreciation	(4,949,047)	(269,101)	-	(5,218,148)
Total Capital Assets, Being Depreciated, Net	9,367,243	(269,101)	-	9,098,142
Business-Type Activities Capital Assets, Net	<u>\$ 9,367,243</u>	<u>(\$ 269,101)</u>	<u>\$ -</u>	<u>\$ 9,098,142</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 14,897
Public protection	51,884
Public ways and facilities	239,860
Recreation and culture	50,239
Total Depreciation Expense – Governmental Activities	<u>\$ 356,880</u>

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

Sewer maintenance	\$ 254,485
Sewer construction	10,498
Water	4,118
Total Depreciation Expense – Business-Type Activities	<u>\$ 269,101</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City street improvement projects.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 56,315	\$ -
Water	-	3,693
Nonmajor governmental funds	42,364	94,823
Fiduciary funds	-	163
Total	<u>\$ 98,679</u>	<u>\$ 98,679</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, 2022:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 260,932	\$ 1,382
Nonmajor governmental funds	24,570	284,120
Total	<u>\$ 285,502</u>	<u>\$ 285,502</u>

NOTE 6: LONG-TERM LIABILITIES

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

<u>Type of Indebtedness</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans payable	\$ 725,562	\$ -	(\$ 152,062)	\$ 573,500	\$ 157,166
Pension obligation bonds	7,800,276	-	(481,163)	7,319,113	494,910
Capital leases	191,001	-	(60,628)	130,373	62,200
Compensated absences	68,513	62,057	(78,208)	52,362	47,123
Total Governmental Activities	<u>\$ 8,785,352</u>	<u>\$ 62,057</u>	<u>(\$ 772,061)</u>	<u>\$ 8,075,348</u>	<u>\$ 761,399</u>
Business-Type Activities					
Direct borrowing loans payable	\$ 5,591,000	\$ -	(\$ 5,591,000)	\$ -	-
Certificates of Participation	-	9,465,000	-	9,465,000	60,000
Premium on Issuance	-	327,232	(12,586)	314,646	12,586
Certificates of Participation, net	<u>-</u>	<u>9,792,232</u>	<u>(12,586)</u>	<u>9,779,646</u>	<u>72,586</u>
Pension obligation bonds	709,724	-	(43,837)	665,887	45,090
Compensated absences	17,009	-	(17,009)	-	-
Total Business-Type Activities	<u>\$ 6,317,733</u>	<u>\$ 9,792,232</u>	<u>(\$ 5,664,432)</u>	<u>\$ 10,445,533</u>	<u>\$ 117,676</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

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.

Individual issues of debt payable outstanding at June 30, 2022, 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.	<u>\$ 573,500</u>
Total Loans	<u>573,500</u>

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.	<u>7,319,113</u>
Total Pension Obligation Bonds	<u>7,319,113</u>
Total Governmental Activities	<u>\$ 7,892,613</u>

Business-Type Activities

Certificates of Participation:

2021 Sewer System Financing Project, dated December 14, 2021, in the amount of \$9,465,000, payable in annual installments of \$70,000 to \$152,000, with an interest rate of 4.000%, and maturity on October 1, 2046. The loan proceeds were used to finance certain improvements to the City's sewer treatment plant system and refinance a USDA Rural Development loan.	<u>\$ 9,465,000</u>
Total Certificates of Participation	<u>9,465,000</u>

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.	<u>665,887</u>
Total Pension Obligation Bonds	<u>665,887</u>
Total Business-Type Activities	<u>\$ 10,130,887</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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
2023	\$ 157,166	\$ 17,746	\$ 174,912
2024	162,428	12,485	174,913
2025	167,865	7,047	174,912
2026	86,041	1,413	87,454
Total	<u>\$ 573,500</u>	<u>\$ 38,691</u>	<u>\$ 612,191</u>

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2023	\$ 494,910	\$ 168,281	\$ 663,191
2024	540,735	164,418	705,153
2025	421,590	160,291	581,881
2026	348,270	155,809	504,079
2027	371,183	150,271	521,454
2028-2032	2,282,085	612,283	2,894,368
2033-2037	2,414,978	262,797	2,677,775
2038-2041	445,362	24,780	470,142
Total	<u>\$ 7,319,113</u>	<u>\$ 1,698,930</u>	<u>\$ 9,018,043</u>

Business-Type Activities

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2023	\$ 60,000	\$ 275,519	\$ 335,519
2024	200,000	270,319	470,319
2025	240,000	261,519	501,519
2026	285,000	251,019	536,019
2027	295,000	239,419	534,419
2028-2032	1,670,000	1,005,595	2,675,595
2033-2037	1,975,000	695,221	2,670,221
2038-2042	2,225,000	448,859	2,673,859
2043-2047	2,515,000	160,313	2,675,313
Total	<u>\$ 9,465,000</u>	<u>\$ 3,607,783</u>	<u>\$ 13,072,783</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2023	\$ 45,090	\$ 15,332	\$ 60,422
2024	49,265	14,980	64,245
2025	38,410	14,604	53,014
2026	31,730	14,195	45,925
2027	33,818	13,691	47,509
2028-2032	207,915	55,784	263,699
2033-2037	220,023	23,943	243,966
2038-2041	39,636	3,124	42,760
Total	<u>\$ 665,887</u>	<u>\$ 155,653</u>	<u>\$ 821,540</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, 2022
Governmental activities	2.576%	\$ 130,373
Total		<u>\$ 130,373</u>

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

	Governmental Activities
Equipment	\$ 501,423
Less: accumulated depreciation	(50,142)
Net Value	<u>\$ 451,281</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 7: LEASES (CONTINUED)

As of June 30, 2022, capital lease annual amortization is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2023	\$ 65,162
2024	65,163
2025	<u>4,418</u>
Total Requirements	134,743
Less: interest	<u>(4,370)</u>
Present Value of Remaining Payments	<u>\$ 130,373</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 \$10,003,053 of restricted net position, of which \$2,441,891 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, 2022

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, 2022, 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, 2022, were distributed as follows:

	General Fund	CDBG OTC	CDBG HOME Grant	Other Governmental Funds	Totals
Nonspendable:					
Investment in JPA	\$ 92,274	\$ -	\$ -	\$ -	\$ 92,274
Prepaid costs	7,938	-	-	-	7,938
Loans receivable	-	1,837,645	5,000,000	253,850	7,091,495
Subtotal	<u>100,212</u>	<u>1,837,645</u>	<u>5,000,000</u>	<u>253,850</u>	<u>7,191,707</u>
Restricted for:					
Community development	-	19,062	8,877	-	27,939
GT repay	-	-	-	53	53
Cert access	-	-	-	9,551	9,551
STIP	-	-	-	1,044	1,044
RST gas tax	-	-	-	345,417	345,417
SBIEPMT gas tax	-	-	-	354,946	354,946
Willows lighting	-	-	-	55,711	55,711

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

NOTE 9: FUND BALANCES (CONTINUED)

	General Fund	CDBG OTC	CDBG HOME Grant	Other Governmental Funds	Totals
Restricted for (Continued):					
Gas tax 2105	-	-	-	177,176	177,176
Gas tax 2107	-	-	-	84,376	84,376
Recreation reimb	-	-	-	1,408	1,408
Recreation & culture	-	-	-	8,575	8,575
USDA BIOMASS	-	-	-	71	71
Basin street	-	-	-	58,959	58,959
EDA grant	-	-	-	122,937	122,937
Community	-	-	-	34,649	34,649
Mall maintenance	-	-	-	22,973	22,973
County library	-	-	-	23,993	23,993
ZIP books state	-	-	-	6,615	6,615
Northnet train	-	-	-	1,991	1,991
CLSA delivery	-	-	-	15,683	15,683
Fire dif	-	-	-	66,145	66,145
Police dif	-	-	-	61,068	61,068
LIT passthru	-	-	-	5,456	5,456
Storm drainage dif	-	-	-	153,328	153,328
Street development dif	-	-	-	182,815	182,815
Park facilities dif	-	-	-	334,783	334,783
I-5 interchange dif	-	-	-	389,757	389,757
Library dif	-	-	-	142,215	142,215
State recycle grant	-	-	-	8,969	8,969
Gas tax 2103	-	-	-	140,682	140,682
Subtotal	-	-	-	2,811,346	2,811,346
Committed:					
General	205,000	-	-	-	205,000
Subtotal	205,000	-	-	-	205,000
Unassigned	2,137,245	-	-	(96,849)	2,040,396
Total	<u>\$ 2,442,457</u>	<u>\$ 1,856,707</u>	<u>\$ 5,008,877</u>	<u>\$ 2,968,347</u>	<u>\$ 12,276,388</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, 2022

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, 2022

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, 2022, 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	14.54%	8.000%	0.000%
Miscellaneous PEPRA	7.59%	6.750%	0.000%
Safety	22.48%	9.000%	0.000%
Safety Police PEPRA	13.13%	11.500%	0.000%
Safety Fire PEPRA	0.000%	11.500%	0.000%

For the year ended June 30, 2022, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 3,965,575	\$ -
Safety	5,146,198	-

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2022

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, 2021 and 2022 was as follows:

	<u>Proportion June 30, 2021</u>	<u>Proportion June 30, 2022</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.08872%	0.10079%	0.01207%
Safety	0.07362%	0.07049%	-0.00313%

As of June 30, 2022, 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 (Asset)</u>
Miscellaneous	(\$ 1,913,729)
Safety	(2,473,802)
Total Net Pension Liability	<u>(\$ 4,387,531)</u>

For the year ended June 30, 2022, the City recognized pension expense of (\$6,586,489). At June 30, 2022, 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	\$ 82,027	\$ -
Difference between expected and actual experience	-	(637,249)
Difference between projected and actual earnings on pension plan investments	3,142,972	-
Difference between City contributions and proportionate share of contributions	5,494,931	(112,191)
Amortization due to differences in proportions	<u>-</u>	<u>(4,817,441)</u>
Total	<u>\$ 8,719,930</u>	<u>(\$ 5,566,881)</u>

\$82,027 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, 2023. 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>	
2023	\$ 612,590
2024	744,209
2025	847,378
2026	866,845
Thereafter	<u>-</u>
Total	<u>\$ 3,071,022</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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, 2022

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	(\$ 256,775)	(\$ 1,913,729)	(\$ 3,283,509)
Safety	(254,956)	(2,473,802)	(4,296,311)

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, 2022

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, 2022, 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 \$108,114 was measured as of June 30, 2022, and was determined by the actuarial valuation as of July 1, 2020.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022)
Actuarial Cost Method	Entry Age, level of percent of pay
Asset Valuation Method	No assets held in irrevocable trust of measurement date
Discount Rates	3.69% as of June 30, 2022, 1.92% as of June 30, 2021
Salary Increase	3.0%
Inflation Rate	2.75% per year
Healthcare cost trend rates	6.50% for 2022, 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, 2022 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at fiscal year ending June 30, 2021	\$ 121,368	\$ -	\$ 121,368
Changes during the period:			
Service cost	3,524	-	3,524
Interest cost	2,343	-	2,343
Difference between expected and actual experience	(13,344)	-	(13,344)
Contributions – employer	-	5,777	(5,777)
Benefit payments	(5,777)	(5,777)	-
Net Changes	(13,254)	-	(13,254)
Balances at fiscal year ending June 30, 2022	<u>\$ 108,114</u>	<u>\$ -</u>	<u>\$ 108,114</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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> 2.69%	<u>Current Rate</u> 3.69%	<u>1% Increase</u> 4.69%
Net OPEB liability	\$ 115,266	\$ 108,114	\$ 101,838

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> - 1%	<u>Current Trend</u>	<u>Current Trend</u> +1%
Net OPEB Liability	\$ 103,951	\$ 108,114	\$ 112,987

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$5,476. At June 30, 2022, 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	\$ 10,841	(\$ 11,410)
Differences between expected and actual experience	<u>-</u>	<u>(6,738)</u>
Total	<u>\$ 10,841</u>	<u>(\$ 18,148)</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>	
2023	(\$ 391)
2024	(391)
2025	(898)
2026	(1,947)
2027	(1,940)
Thereafter	<u>(1,740)</u>
	<u>(\$ 7,307)</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2022

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, 2022

NOTE 12: RISK MANAGEMENT (CONTINUED)

The participants as of June 30, 2022 were as follows:

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

The City's investment in NCCSIF of \$92,274 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, 2022 through January 9, 2023, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**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, 2022
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%
Measurement Date	2020/2021			
Miscellaneous				
Proportion of the net pension liability	0.10079%			
Proportionate share of the net pension liability	\$ (1,913,729)			
Covered payroll	523,671			
Proportionate share of the net pension liability as a percentage of covered payroll	-365.44%			
Plan fiduciary net position as a percentage of the total pension liability	98.97%			
Safety				
Proportion of the net pension liability	0.07049%			
Proportionate share of the net pension liability	\$ (2,473,802)			
Covered payroll	209,254			
Proportionate share of the net pension liability as a percentage of covered payroll	-1182.20%			
Plan fiduciary net position as a percentage of the total pension liability	97.09%			

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only eight 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, 2022
Last 10 Years*

Fiscal Year**	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
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*	<u>2020/2021</u>	<u>2021/2022</u>		
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 341,575	\$ 51,127		
Contributions in relation to the actuarially determined contributions	<u>(3,965,575)</u>	<u>(51,127)</u>		
Contribution deficiency (excess)	<u>\$ (3,624,000)</u>	<u>\$ -</u>		
Covered payroll	\$ 430,096	\$ 523,670		
Contributions as a percentage of covered payroll	922.02%	9.76%		
Safety				
Contractually required contributions (actuarially determined)	\$ 486,198	\$ 30,900		
Contributions in relation to the actuarially determined contributions	<u>(5,146,198)</u>	<u>(30,900)</u>		
Contribution deficiency (excess)	<u>\$ (4,660,000)</u>	<u>\$ -</u>		
Covered payroll	\$ 211,764	\$ 209,254		
Contributions as a percentage of covered payroll	229.59%	14.77%		

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only eight 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, 2022

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, 2019
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%

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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, 2022
Last 10 Years*

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

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

<u>2020/2021</u>	<u>2021/2022</u>
\$ 3,166	\$ 3,524
2,898	2,343
(9,734)	-
9,650	(13,344)
<u>(8,811)</u>	<u>(5,777)</u>
(2,831)	(13,254)
<u>124,199</u>	<u>121,368</u>
<u>\$ 121,368</u>	<u>\$ 108,114</u>
\$ 8,811	\$ 5,777
<u>(8,811)</u>	<u>(5,777)</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
<u>\$ 121,368</u>	<u>\$ 108,114</u>
0.00%	0.00%
\$ 759,702	\$ 833,805
15.98%	12.97%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2022
Last 10 Years*

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

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

<u>2020/2021</u>	<u>2021/2022</u>
\$ 8,811 (8,811)	\$ 5,777 (5,777)
<u>\$ -</u>	<u>\$ -</u>
\$ 759,702 1.16%	\$ 833,805 0.69%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2022

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

Discount Rate:	Increased from 1.92 percent to 3.69 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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 3,262,500	\$ 4,295,820	\$ 4,048,262	\$ (247,558)
Licenses, permits and franchises	74,000	89,000	98,078	9,078
Fines and forfeitures	5,000	5,133	13,019	7,886
Intergovernmental revenues	630,000	184,500	721,646	537,146
Use of money and property	37,000	53,000	58,844	5,844
Charges for services	146,176	168,576	153,713	(14,863)
Other revenues	6,000	18,443	85,163	66,720
Total Revenues	4,160,676	4,814,472	5,178,725	364,253
EXPENDITURES				
Current:				
General government	897,079	1,094,563	1,220,592	(126,029)
Public protection	2,536,851	2,059,281	2,259,443	(200,162)
Public ways and facilities	764,214	593,431	606,715	(13,284)
Education	231,027	245,128	252,342	(7,214)
Recreation and culture	176,386	96,671	112,449	(15,778)
Debt service:				
Principal	-	484,363	481,163	3,200
Interest	-	115,795	116,065	(270)
Capital outlay	125,000	180,000	-	180,000
Total Expenditures	4,730,557	4,869,232	5,048,769	(179,537)
Excess of Revenues Over (Under) Expenditures	(569,881)	(54,760)	129,956	184,716
OTHER FINANCING SOURCES (USES)				
Transfers in	-	222,155	260,932	38,777
Transfers out	-	-	(1,382)	(1,382)
Total Other Financing Sources (Uses)	-	222,155	259,550	37,395
Net Change in Fund Balances	(569,881)	167,395	389,506	222,111
Fund Balances - Beginning	2,052,952	2,052,952	2,052,952	-
Fund Balances - Ending	\$ 1,483,071	\$ 2,220,347	\$ 2,442,458	\$ 222,111

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
CDBG HOME Grant Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ 884,769	\$ 884,769
Total Revenues	<u>-</u>	<u>-</u>	<u>884,769</u>	<u>884,769</u>
EXPENDITURES				
Current:				
Community development	-	442,760	442,760	-
Total Expenditures	<u>-</u>	<u>442,760</u>	<u>442,760</u>	<u>-</u>
Net Change in Fund Balances	-	(442,760)	442,009	884,769
Fund Balances - Beginning	<u>4,566,868</u>	<u>4,566,868</u>	<u>4,566,868</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 4,566,868</u>	<u>\$ 4,124,108</u>	<u>\$ 5,008,877</u>	<u>\$ 884,769</u>

CITY OF WILLOWS
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2022

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, 2022, 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	\$ 4,869,232	\$ 5,048,769	\$ 179,537

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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, 2022

	Special Revenue Funds	Totals
ASSETS		
Cash and investments	\$ 3,591,862	\$ 3,591,862
Receivables:		
Interest	634	634
Taxes	69,519	69,519
Intergovernmental	22,265	22,265
Due from other funds	42,364	42,364
Loans receivable	253,850	253,850
	\$ 3,980,494	\$ 3,980,494
LIABILITIES		
Accounts payable	\$ 48,769	\$ 48,769
Salaries and benefits payable	516	516
Other liabilities	216,975	216,975
Due to other funds	94,823	94,823
Unearned revenue	651,064	651,064
	1,012,147	1,012,147
FUND BALANCES		
Nonspendable	253,850	253,850
Restricted	2,811,346	2,811,346
Unassigned	(96,849)	(96,849)
	2,968,347	2,968,347
Total Fund Balances	2,968,347	2,968,347
Total Liabilities and Fund Balances	\$ 3,980,494	\$ 3,980,494

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds	Totals
REVENUES		
Licenses and permits	\$ 476	\$ 476
Intergovernmental revenues	1,241,337	1,241,337
Use of money and property	18,550	18,550
Charges for services	824	824
Other revenues	12,094	12,094
	1,273,281	1,273,281
EXPENDITURES		
Current:		
General government	60,340	60,340
Public protection	75,212	75,212
Public ways and facilities	175,435	175,435
Community development	57,877	57,877
Education	51,912	51,912
Recreation and culture	49,180	49,180
Debt Service:		
Principal	212,690	212,690
Interest	27,386	27,386
Capital outlay	16,017	16,017
	726,049	726,049
Total Expenditures		
	726,049	726,049
Excess of Revenues Over (Under) Expenditures	547,232	547,232
OTHER FINANCING SOURCES (USES)		
Transfers in	24,570	24,570
Transfers out	(284,120)	(284,120)
	(259,550)	(259,550)
Total Other Financing Sources (Uses)		
	(259,550)	(259,550)
Net Change in Fund Balances	287,682	287,682
Fund Balances - Beginning	2,680,665	2,680,665
Fund Balances - Ending	\$ 2,968,347	\$ 2,968,347

Nonmajor Governmental Funds

- **Special Revenue Funds**

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CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	<u>GT 2103</u> <u>Repay</u>	<u>Cert</u> <u>Access</u>	<u>STIP</u>	<u>RSTP</u> <u>Gas Tax</u>
ASSETS				
Cash and investments	\$ 53	\$ 9,551	\$ 1,044	\$ 361,352
Receivables:				
Interest	-	-	-	82
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 53</u>	<u>\$ 9,551</u>	<u>\$ 1,044</u>	<u>\$ 361,434</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,017
Salaries and benefits payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,017</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	53	9,551	1,044	345,417
Unassigned	-	-	-	-
Total Fund Balances	<u>53</u>	<u>9,551</u>	<u>1,044</u>	<u>345,417</u>
Total Liabilities and Fund Balances	<u>\$ 53</u>	<u>\$ 9,551</u>	<u>\$ 1,044</u>	<u>\$ 361,434</u>

SB1EPMT Gas Tax	CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	COVID-19
\$ 332,616	\$ -	\$ 55,634	\$ 118,234	\$ -	\$ 62,310	\$ -	\$ -
65	-	12	28	-	14	-	-
-	-	65	16,550	9,993	22,052	-	-
22,265	-	-	-	-	-	-	-
-	-	-	42,364	-	-	-	-
-	253,850	-	-	-	-	-	-
<u>\$ 354,946</u>	<u>\$ 253,850</u>	<u>\$ 55,711</u>	<u>\$ 177,176</u>	<u>\$ 9,993</u>	<u>\$ 84,376</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	42,364	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	42,364	-	-	-
-	253,850	-	-	-	-	-	-
354,946	-	55,711	177,176	-	84,376	-	-
-	-	-	-	(32,371)	-	-	-
<u>354,946</u>	<u>253,850</u>	<u>55,711</u>	<u>177,176</u>	<u>(32,371)</u>	<u>84,376</u>	<u>-</u>	<u>-</u>
<u>\$ 354,946</u>	<u>\$ 253,850</u>	<u>\$ 55,711</u>	<u>\$ 177,176</u>	<u>\$ 9,993</u>	<u>\$ 84,376</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	<u>Recreation Reimb</u>	<u>Recreation & Culture</u>	<u>USDA Biomass</u>	<u>Basin Street</u>
ASSETS				
Cash and investments	\$ 1,714	\$ 71,273	\$ 71	\$ 58,928
Receivables:				
Interest	1	4	-	31
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 1,715</u>	<u>\$ 71,277</u>	<u>\$ 71</u>	<u>\$ 58,959</u>
LIABILITIES				
Accounts payable	\$ -	\$ 9	\$ -	\$ -
Salaries and benefits payable	307	-	-	-
Other liabilities	-	63,962	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>307</u>	<u>63,971</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	1,408	8,575	71	58,959
Unassigned	-	(1,269)	-	-
Total Fund Balances	<u>1,408</u>	<u>7,306</u>	<u>71</u>	<u>58,959</u>
Total Liabilities and Fund Balances	<u>\$ 1,715</u>	<u>\$ 71,277</u>	<u>\$ 71</u>	<u>\$ 58,959</u>

EDA Grant	Community	Mall Maintenance	County Library	ZIP Books State	SB 2 Grant	HOME-PI	Northnet Train
\$ 123,187	\$ 34,649	\$ 22,973	\$ 177,180	\$ 6,615	\$ -	\$ -	\$ 1,991
-	-	-	35	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 123,187</u>	<u>\$ 34,649</u>	<u>\$ 22,973</u>	<u>\$ 177,215</u>	<u>\$ 6,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,991</u>
\$ 250	\$ -	\$ -	\$ -	\$ -	\$ 10,750	\$ -	\$ -
-	-	-	209	-	-	-	-
-	-	-	153,013	-	-	-	-
-	-	-	-	-	51,390	1,069	-
-	-	-	-	-	-	-	-
<u>250</u>	<u>-</u>	<u>-</u>	<u>153,222</u>	<u>-</u>	<u>62,140</u>	<u>1,069</u>	<u>-</u>
-	-	-	-	-	-	-	-
122,937	34,649	22,973	23,993	6,615	-	-	1,991
-	-	-	-	-	(62,140)	(1,069)	-
<u>122,937</u>	<u>34,649</u>	<u>22,973</u>	<u>23,993</u>	<u>6,615</u>	<u>(62,140)</u>	<u>(1,069)</u>	<u>1,991</u>
<u>\$ 123,187</u>	<u>\$ 34,649</u>	<u>\$ 22,973</u>	<u>\$ 177,215</u>	<u>\$ 6,615</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,991</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	CLSA Delivery	Fire DIF	Police DIF	LIT Passthru
ASSETS				
Cash and investments	\$ 15,683	\$ 66,122	\$ 61,054	\$ 5,455
Receivables:				
Interest	-	23	14	1
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	\$ 15,683	\$ 66,145	\$ 61,068	\$ 5,456
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCES				
Restricted	-	-	-	-
Restricted	15,683	66,145	61,068	5,456
Unassigned	-	-	-	-
Total Fund Balances	15,683	66,145	61,068	5,456
Total Liabilities and Fund Balances	\$ 15,683	\$ 66,145	\$ 61,068	\$ 5,456

Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library DIF	State Recycle Grant	Gas Tax 2103	SLESF COPS Grant
\$ 153,293	\$ 182,773	\$ 334,706	\$ 389,669	\$ 142,182	\$ 8,969	\$ 141,517	\$ -
35	42	77	88	33	-	49	-
-	-	-	-	-	-	20,859	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 153,328</u>	<u>\$ 182,815</u>	<u>\$ 334,783</u>	<u>\$ 389,757</u>	<u>\$ 142,215</u>	<u>\$ 8,969</u>	<u>\$ 162,425</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,743	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,743	-
-	-	-	-	-	-	-	-
153,328	182,815	334,783	389,757	142,215	8,969	140,682	-
-	-	-	-	-	-	-	-
<u>153,328</u>	<u>182,815</u>	<u>334,783</u>	<u>389,757</u>	<u>142,215</u>	<u>8,969</u>	<u>140,682</u>	<u>-</u>
<u>\$ 153,328</u>	<u>\$ 182,815</u>	<u>\$ 334,783</u>	<u>\$ 389,757</u>	<u>\$ 142,215</u>	<u>\$ 8,969</u>	<u>\$ 162,425</u>	<u>\$ -</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2022

	COVID-19 Fisc Rec	Total
ASSETS		
Cash and investments	\$ 651,064	\$ 3,591,862
Receivables:		
Interest	-	634
Taxes	-	69,519
Intergovernmental	-	22,265
Due from other funds	-	42,364
Loans receivable	-	253,850
	-	253,850
Total Assets	\$ 651,064	\$ 3,980,494
LIABILITIES		
Accounts payable	\$ -	\$ 48,769
Salaries and benefits payable	-	516
Other liabilities	-	216,975
Due to other funds	-	94,823
Unearned revenue	651,064	651,064
	651,064	1,012,147
Total Liabilities	651,064	1,012,147
FUND BALANCES		
Nonspendable	-	253,850
Restricted	-	2,811,346
Unassigned	-	(96,849)
	-	2,968,347
Total Fund Balances	-	2,968,347
Total Liabilities and Fund Balances	\$ 651,064	\$ 3,980,494

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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, 2022

	GT 2103 Repay	Cert Access	STIP	RSTP Gas Tax
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	1,520	-	85,195
Use of money and property	(21)	-	(14)	1,940
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	(21)	1,520	(14)	87,135
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	455
Community development	-	-	-	-
Education	-	-	-	-
Recreation and culture	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	16,017
Total Expenditures	-	-	-	16,472
Excess of Revenues Over (Under) Expenditures	(21)	1,520	(14)	70,663
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(21)	1,520	(14)	70,663
Fund Balances - Beginning	74	8,031	1,058	274,754
Fund Balances - Ending	\$ 53	\$ 9,551	\$ 1,044	\$ 345,417

SB1EPMT Gas Tax	CDBG Housing Loans	Willows Lighting	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	COVID-19
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
126,411	-	23,988	34,656	20,661	41,449	2,000	-
1,704	4,515	263	542	-	386	(18)	-
-	-	12	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>128,115</u>	<u>4,515</u>	<u>24,263</u>	<u>35,198</u>	<u>20,661</u>	<u>41,835</u>	<u>1,982</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	10,656	652	40,139	-	-	-
-	553	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>553</u>	<u>10,656</u>	<u>652</u>	<u>40,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>128,115</u>	<u>3,962</u>	<u>13,607</u>	<u>34,546</u>	<u>(19,478)</u>	<u>41,835</u>	<u>1,982</u>	<u>-</u>
-	-	-	-	-	-	-	880
-	(23,690)	-	-	-	-	(7,950)	-
-	(23,690)	-	-	-	-	(7,950)	880
128,115	(19,728)	13,607	34,546	(19,478)	41,835	(5,968)	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>\$ 354,946</u>	<u>\$ 253,850</u>	<u>\$ 55,711</u>	<u>\$ 177,176</u>	<u>\$ (32,371)</u>	<u>\$ 84,376</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	Recreation Reimb	Recreation & Culture	USDA Biomass	Basin Street
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	13,898	-	71	37,674
Use of money and property	14	85	-	1,014
Charges for services	400	412	-	-
Other revenue	100	10,334	-	-
Total Revenues	14,412	10,831	71	38,688
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Education	-	-	-	-
Recreation and culture	18,697	9,761	-	-
Debt Service:				
Principal	-	-	-	152,062
Interest	-	-	-	22,851
Capital outlay	-	-	-	-
Total Expenditures	18,697	9,761	-	174,913
Excess of Revenues Over (Under) Expenditures	(4,285)	1,070	71	(136,225)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(4,285)	1,070	71	(136,225)
Fund Balances - Beginning	5,693	6,236	-	195,184
Fund Balances - Ending	\$ 1,408	\$ 7,306	\$ 71	\$ 58,959

EDA Grant	Community	Mall Maintenance	County Library	ZIP Books State	SB 2 Grant	HOME-PI	Northnet Train
\$ -	\$ -	\$ -	\$ 476	\$ -	\$ -	\$ -	\$ -
510,834	-	-	98,000	-	22,399	-	-
(43)	-	-	670	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,660	-	-	-	-
<u>510,791</u>	<u>-</u>	<u>-</u>	<u>100,806</u>	<u>-</u>	<u>22,399</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	60,340	-	-
-	-	-	-	-	-	-	-
-	-	231	-	-	-	-	2,777
1,000	52,924	-	-	-	-	3,400	-
-	-	-	-	(4,731)	-	-	-
-	-	-	20,722	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,000</u>	<u>52,924</u>	<u>231</u>	<u>20,722</u>	<u>(4,731)</u>	<u>60,340</u>	<u>3,400</u>	<u>2,777</u>
<u>509,791</u>	<u>(52,924)</u>	<u>(231)</u>	<u>80,084</u>	<u>4,731</u>	<u>(37,941)</u>	<u>(3,400)</u>	<u>(2,777)</u>
-	23,690	-	-	-	-	-	-
-	-	-	(167,479)	-	-	-	-
-	<u>23,690</u>	<u>-</u>	<u>(167,479)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
509,791	(29,234)	(231)	(87,395)	4,731	(37,941)	(3,400)	(2,777)
(386,854)	63,883	23,204	111,388	1,884	(24,199)	2,331	4,768
<u>\$ 122,937</u>	<u>\$ 34,649</u>	<u>\$ 22,973</u>	<u>\$ 23,993</u>	<u>\$ 6,615</u>	<u>\$ (62,140)</u>	<u>\$ (1,069)</u>	<u>\$ 1,991</u>

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	CLSA Delivery	Fire DIF	Police DIF	LIT Passthru
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	6,805	965	470	48,650
Use of money and property	-	354	320	36
Charges for services	-	-	-	-
Other revenue	-	-	-	-
Total Revenues	6,805	1,319	790	48,686
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	-	-	-
Education	7,993	-	-	48,650
Recreation and culture	-	-	-	-
Debt Service:				
Principal	-	60,628	-	-
Interest	-	4,535	-	-
Capital outlay	-	-	-	-
Total Expenditures	7,993	65,163	-	48,650
Excess of Revenues Over (Under) Expenditures	(1,188)	(63,844)	790	36
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,188)	(63,844)	790	36
Fund Balances - Beginning	16,871	129,989	60,278	5,420
Fund Balances - Ending	\$ 15,683	\$ 66,145	\$ 61,068	\$ 5,456

Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library DIF	State Recycle Grant	Gas Tax 2103	SLESF COPS Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,054	1,172	-	629	-	-	49,350	38,274
788	860	1,630	1,776	725	-	1,024	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,842</u>	<u>2,032</u>	<u>1,630</u>	<u>2,405</u>	<u>725</u>	<u>-</u>	<u>50,374</u>	<u>38,274</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	120,525	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	120,525	-
<u>1,842</u>	<u>2,032</u>	<u>1,630</u>	<u>2,405</u>	<u>725</u>	<u>-</u>	<u>(70,151)</u>	<u>38,274</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(85,001)
-	-	-	-	-	-	-	(85,001)
<u>1,842</u>	<u>2,032</u>	<u>1,630</u>	<u>2,405</u>	<u>725</u>	<u>-</u>	<u>(70,151)</u>	<u>(46,727)</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>46,727</u>
<u>\$ 153,328</u>	<u>\$ 182,815</u>	<u>\$ 334,783</u>	<u>\$ 389,757</u>	<u>\$ 142,215</u>	<u>\$ 8,969</u>	<u>\$ 140,682</u>	<u>\$ -</u>

CITY OF WILLOWS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2022

	COVID-19 Fisc Rec	Total
REVENUES		
Licenses and permits	\$ -	\$ 476
Intergovernmental revenues	75,212	1,241,337
Use of money and property	-	18,550
Charges for services	-	824
Other revenue	-	12,094
	75,212	1,273,281
Total Revenues		
EXPENDITURES		
Current:		
General government	-	60,340
Public protection	75,212	75,212
Public ways and facilities	-	175,435
Community development	-	57,877
Education	-	51,912
Recreation and culture	-	49,180
Debt Service:		
Principal	-	212,690
Interest	-	27,386
Capital outlay	-	16,017
	75,212	726,049
Total Expenditures		
Excess of Revenues Over (Under) Expenditures		
	-	547,232
OTHER FINANCING SOURCES (USES)		
Transfers in	-	24,570
Transfers out	-	(284,120)
	-	(259,550)
Total Other Financing Sources (Uses)		
Net Change in Fund Balances		
	-	287,682
Fund Balances - Beginning	-	2,680,665
Fund Balances - Ending	\$ -	\$ 2,968,347

Continued (Page 4 of 4)