

**INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON  
PROCEDURES TO APPROPRIATIONS LIMIT CALCULATION**

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

We have performed the procedures enumerated below, which were agreed to by the City of Willows (City), related to the City's compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution, for the year ended June 30, 2022. The City's management is responsible for the compliance with those specified requirements.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the compliance with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We evaluated the accuracy of the computation and adequacy of the documentation. We obtained the completed worksheets and compared the Limit and annual adjustment factors in those worksheets to the Limit and annual adjustment factors that were adopted by resolution of the City Council. We also evaluated the City's compliance with Government Code Section 37200.

Finding: No exceptions were noted as a result of our procedures.

2. We determined compliance with the Appropriations Limit. We compared the proceeds of taxes subject to the calculated Limit.

Finding: No exceptions were noted as a result of our procedures.

3. We determined that the Appropriations Limit resulting from the completion of the various worksheets was adopted by the City Council. We noted that the Limit was approved by the City Council on August 24, 2021.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year Appropriations Limit presented in the current year Appropriations Limit calculation to the prior year Appropriations Limit adopted by the City Council.

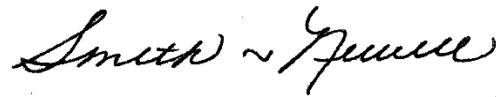
Finding: No exceptions were noted as a result of our procedures.

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

We were engaged by the City of Willows to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the specified requirements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City of Willows and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management of the City of Willows, the City Council, and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Smith & Newell".

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

**CITY OF WILLOWS**  
**Appropriations Limit Worksheet**  
**For the Year Ended June 30, 2022**

Gann Limit for the fiscal year ended June 30, 2021		\$ 11,214,457
Per capita personal income factor	5.73	
Population change factor	<u>1.24</u>	
Gann Limit Increase factor		<u>1.0704</u>
Calculated Limit		<u>\$ 12,004,073</u>

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**CITY OF WILLOWS**  
**Notes to Appropriations Limit Worksheet**  
**For the Year Ended June 30, 2022**

**NOTE 1: PURPOSE OF LIMITED PROCEDURES REVIEW**

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

**NOTE 2: METHOD OF CALCULATION**

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-1987, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

**NOTE 3: PER CAPITA PERSONAL INCOME FACTOR**

The per capita personal income factor was obtained by using the percentage factor from the State Department of Finance letter dated May 1, 2021. The CPI change was 5.73 percent. This percentage was converted to a ratio and for calculation purposes was 1.0573.

**NOTE 4: POPULATION CHANGE FACTOR**

There are three methods of calculating the change in population that a city may choose in determining the Gann Limit. 1) The change in population within its jurisdiction; 2) the change in population within its jurisdiction, combined with the changes in population within all counties having borders that are contiguous to that city; 3) the change in population within the incorporated portion of the City. The City may use either of these methods in any year.

The City has elected to use the change in population within its jurisdiction (1). Per the May 1, 2021 letter from the State Department of Finance the population change percentage was 0.24. This percentage change was converted to the ratio factor of 1.0124.

**NOTE 5: OTHER ADJUSTMENTS**

A California government agency may be required to adjust its Appropriations Limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another government agency or private entity. The City had no such adjustments for the year ended June 30, 2022.

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