

**CITY OF WILLOWS,
CALIFORNIA**

**SINGLE AUDIT ACT
REPORTS AND SCHEDULES
FOR THE YEAR ENDED
JUNE 30, 2023**

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CITY OF WILLOWS
Single Audit Act
For the Year Ended June 30, 2023

Table of Contents

	Page
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	1-2
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2023	6
Notes to Schedule of Expenditures of Federal Awards	7-8
Schedule of Findings and Questioned Costs	9-15
Schedule of Prior Year Findings and Questioned Costs	16
Management’s Corrective Action Plan	17-18

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California, (City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 16, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-005 that we consider to be significant deficiencies.

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

Report on Compliance and Other Matters

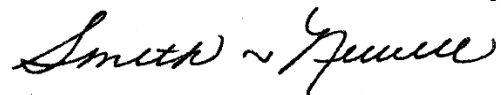
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying management's corrective action plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Smith & Newell CPAs
Yuba City, California
February 16, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Willows, California's (City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Internal Control Over Compliance

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

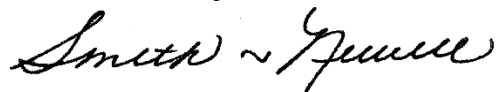
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 16, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Smith & Newell CPAs
Yuba City, California
February 16, 2024

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CITY OF WILLOWS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Direct Program				
Community Facilities Program Grant	10.766	-	-	100,000
Community Facilities Program Grant	10.766	-	-	33,154
Total U.S. Department of Agriculture			-	133,154
U.S. Department of Housing and Urban Development				
State Department of Housing and Community Development: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	14-Unknown	-	2,011,842
Subtotal 14.228			-	2,011,842
Home Investment Partnerships Program	14.239	14-Unknown	-	5,079,653
Subtotal 14.239			-	5,079,653
Total U.S. Department of Housing and Urban Development			-	7,091,495
U.S. Department of the Treasury				
State Controller's Office: Coronavirus State and Local Recovery Funds	21.027	21-Unknown	-	282,130
Total U.S. Department of the Treasury			-	282,130
U.S. Department of Homeland Security				
Direct Program Assistance to Firefighters Grant	97.044	-	-	763,848
Total U.S. Department of Homeland Security			-	763,848
Total			\$ -	\$ 8,270,627

See the accompanying Notes to Schedule of Expenditures of Federal Awards

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CITY OF WILLOWS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Willows, California (City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Expenditures of Federal Awards. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule of Expenditures of Federal Awards, is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the City financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements. In addition, the outstanding balance of prior years' loans that have significant continuing compliance requirements have been included in total federal expenditures.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the related federal financial assistance reports.

5. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree or can be reconciled with amounts reported in the City's basic financial statements.

6. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program or the City was unable to obtain an identifying number from the pass-through entity.

CITY OF WILLOWS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

7. LOANS WITH CONTINUING COMPLIANCE REQUIREMENTS

The City participates in certain federal award programs that sponsor revolving loan programs, which are administered by the City. These programs require servicing arrangements with the City. The funds are returned to the programs upon repayment of the principal and interest. In accordance with Section 200.510 of the Uniform Guidance, the City has reported the outstanding balance of loans from previous years that have significant continuing compliance requirements as of June 30, 2023, along with the value of total outstanding and new loans made during the current year.

The programs listed below had the following aggregate, federally funded loans outstanding at June 30, 2023:

Assistance Listing Number	Program Title	<u>Amount Outstanding</u>	
		<u>July 1, 2022</u>	<u>June 30, 2023</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 2,011,842	\$ 1,933,452
14.239	Home Investment Partnerships Program	<u>5,079,653</u>	<u>5,076,601</u>
	Total Loans Outstanding	<u>\$ 7,091,495</u>	<u>\$ 7,010,053</u>

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements	<u>Status</u>
1. Type of auditor's report issued	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	Yes
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified and not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes
4. Identification of major programs:	
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	
14.239 Home Investment Partnerships Program	
97.044 Assistance of Firefighters Grant	
5. Dollar threshold used to distinguish between Type A and Type B programs?	\$750,000
6. Auditee qualified as a low-risk auditee under 2 CFR Section 200.520?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Capital Assets	2023-003
Budget	2023-004
Audit Adjustments	2023-005

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

14.239 Home Investment Partnerships Program	2023-001
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	2023-002

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-001

Name: Home Investment Partnership Program
CFDA #: 14.239
Federal Grantor: U.S. Department of Housing and Urban Development
Pass Through Entity: State Department of Housing and Community Development
Award No.: Various
Year: 2022/2023
Compliance Requirement: Program Income

Criteria

The loan documents require that recipients of HOME loans continue to own and reside in their homes that were acquired using HOME funding.

Condition

During our test of loan monitoring procedures, we noted that all of the loans tested did not include verification documentation regarding loan recipients were the home owners during the 2022-2023 fiscal year. We also noted verification that the loan recipients occupied the homes obtained with HOME funding was missing.

Cause

The City did not have formalized loan monitoring policies and procedures in place to ensure that loans were monitored on an annual basis in accordance with the loan agreements.

Effect

Documentation was not provided to verify that the loan recipients were in compliance with the requirements of their loan agreements.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

We randomly selected one of the two HOME loan recipients to test loan monitoring procedures. Sampling was a statistically valid sample. We noted that the recipient was not in compliance with the HOME loan agreements.

Repeat Finding

This is a repeat of prior year finding 2022-001.

Recommendation

We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-001 (Continued)

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-002

Name: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii
CFDA #: 14.228
Federal Grantor: U.S. Department of Housing and Urban Development
Pass Through Entity: State Department of Housing and Community Development
Award No.: Various
Year: 2022/2023
Compliance Requirement: Program Income

Criteria

The CDBG Annual Performance Report was required to be filed with the State Department of Housing and Community Development by September 30, 2023.

Condition

The City had not filed the CDBG Annual Performance Report by the required date.

Cause

There was not adequate monitoring of CDBG filing requirements related to the CDBG Annual Performance Report to ensure that it was filed by the required due date.

Effect

The City did not file the CDBG Annual Performance Report by the required due date.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

The CDBG Annual Performance Report was unavailable for review.

Repeat Finding

This is a repeat of prior year finding 2022-002.

Recommendation

We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-003 Capital Assets (Significant Deficiency)

Criteria

Good internal control over capital assets requires that the City maintain a detailed listing of all capital assets including non-depreciable and depreciable assets, accumulated depreciation, and current year depreciation.

Condition

During fieldwork we noted that the City has land that is not reported separate from buildings, improvements, and infrastructure.

Cause

The City has not reported land separate from buildings, improvements, and infrastructure.

Effect

Capital assets and depreciation will be misstated if not properly recorded and depreciated over their useful lives.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2022-003.

Recommendation

We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-004 Budget (Significant Deficiency)

Criteria

General Accepted Accounting Principles require that an annual budget be prepared and amended as needed for the General and special revenue funds, and that expenditures not exceed the approved budget.

Condition

For the year ended June 30, 2023, we noted that the City incurred expenditures in excess of appropriations of \$15,500 in the COVID-19 Fiscal Recovery fund.

Cause

The City did not amend its budget for changes in the estimate of expenditures for the General fund during the fiscal year.

Effect

Expenditures exceeded appropriations by \$15,500 in the COVID-19 Fiscal Recovery fund.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is a repeat of prior year finding 2022-004.

Recommendation

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

CITY OF WILLOWS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

2023-005 Audit Adjustments (Significant Deficiency)

Criteria

Government auditing standards require independent auditors to evaluate all unadjusted misstatements of financial statements. Also, producing timely audited financial statements is more difficult when adjustments are not recorded prior to the start of the annual audit.

Condition

During fieldwork, we noted that the financial statements as presented to us contained misstatements in accounts payable and retention payable that required adjustment.

Cause

The City had not reconciled and adjusted accounts as necessary.

Effect

The financial statements as presented to us contained misstatements that required adjustment.

Questioned Cost

No questioned costs were identified as a result of our procedures.

Context

Not applicable.

Repeat Finding

This is not a repeat finding.

Recommendation

We recommend that the City reconciles all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Views of Responsible Officials and Planned Corrective Action

Refer to separate Management's Corrective Action Plan for views of responsible officials and management's responses.

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CITY OF WILLOWS, CALIFORNIA

Schedule of Prior Year Findings and Questioned Costs

and

Corrective Action Plan

For the Year Ended June 30, 2023

Compiled by:

Financial Consultants/City Management
City of Willows
Willows, California

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CITY OF WILLOWS
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2023

<u>Audit Reference</u>	<u>Status of Prior Year Audit Recommendations</u>
2022-001	<p>Home Investment Partnership Program</p> <p>Recommendation</p> <p>We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.</p> <p>Status</p> <p>Not implemented</p>
2022-002	<p>Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii</p> <p>Recommendation</p> <p>We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.</p> <p>Status</p> <p>Not implemented</p>
2022-003	<p>Capital Assets</p> <p>Recommendation</p> <p>We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.</p> <p>Status</p> <p>Partially implemented</p>
2022-004	<p>Budget</p> <p>Recommendation</p> <p>We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget. We also recommend that a budget be adopted for the General fund and all special revenue funds.</p> <p>Status</p> <p>Not implemented</p>

CITY OF WILLOWS
Management's Corrective Action Plan
For the Year Ended June 30, 2023

2023-001 Home Investment Partnership Program

We recommend that the City develop and maintain policies and procedures regarding loan monitoring and ensure that all documentation of loan monitoring be maintained on an annual basis.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: Given the strain on resource available among City staff, the City is working to hire an outside consulting firm to assure a consistent loan monitoring program is in place.

Anticipated Completion Date: June 2024

2023-002 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

We recommend that the City develop procedures to ensure that the CDBG Annual Performance Report is filed by the required due date.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City has recently brought on staff to complete the periodic reports required by HCD. It is the intent of the City to have this finding resolved by the end of FY 2023-24.

Anticipated Completion Date: June 2024

2023-003 Capital Assets (Significant Deficiency)

We recommend that the City develop and maintain a capital asset listing separating capital assets by type including non-depreciable, depreciable, accumulated depreciation, and current year depreciation.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City continues to experience resource issues to manage the appraisal process. The City will work to separate the value of land from buildings and improvements by researching available records and will potentially engage an appraiser to assist with the process.

Anticipated Completion Date: June 2024

CITY OF WILLOWS
Management's Corrective Action Plan
For the Year Ended June 30, 2023

2023-004 Budget (Significant Deficiency)

We recommend that the City control and monitor expenditures so that they do not exceed the approved budget. If budget revisions are required, we recommend that the City take appropriate action to amend the budget.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: The City updated the budgetary information at mid-year and again using the estimated fiscal activity for a given year as presented with the following year's budget (i.e., FY 2021-22 Estimated Actuals as presented with the FY 2022-23 Proposed Budget). A budget was inadvertently not prepared for the City's COVID-19 Fiscal Recovery Fund. The City will work to ensure budgets for all funds are updated in the future.

Anticipated Completion Date: June 2024

2023-005 Audit Adjustments (Significant Deficiency)

We recommend that the City reconciles all accounts in a timely manner so that required adjustments can be recorded prior to the start of the annual audit.

Management's Response: The City concurs with the finding.

Responsible Individual: Marti Brown, City Manager

Corrective Action Plan: During the audit fieldwork, the City corrected and adjusted several items that had carried over for several years and made them whole with the audit. The City made these adjustments during the audit fieldwork to assure the financial statements represented the fiscal position of the City.

Anticipated Completion Date: June 2024

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