

**CITY OF WILLOWS  
GLENN COUNTY, CALIFORNIA  
FINANCIAL STATEMENTS  
TOGETHER WITH  
THE INDEPENDENT AUDITOR'S OPINIONS  
FOR THE YEAR ENDED  
JUNE 30, 2017**

CITY OF WILLOWS  
GLENN COUNTY, CALIFORNIA  
JUNE 30, 2017  
TABLE OF CONTENTS

EXHIBIT

Independent Auditor's Report

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

Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS:

Statement of Net Position	ONE
Statement of Activities	TWO
Balance Sheet-Governmental Funds	THREE
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	FOUR
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	
Statement of Net Assets-Proprietary Funds	FIVE
Statement of Revenues, Expenses and Changes in Fund Net Assets and Changes In Retained Earnings-Proprietary Funds	SIX
Statement of Cash Flows-Proprietary Funds	SEVEN
Statement of Net Assets-Fiduciary Funds	EIGHT
Statement of Revenues, Expenses and Changes In Fund Net Assets and Changes in Retained Earnings-Fiduciary Funds	NINE

Notes to Financial Statements

CITY OF WILLOWS  
GLENN COUNTY, CALIFORNIA  
JUNE 30, 2017

TABLE OF CONTENTS

STATEMENT

REQUIRED SUPPLEMENTARY INFORMATION:

General Fund, Statement of Revenues, Expenditures And Changes in Fund Balance, Budget and Actual	ONE
Schedule of Proportionate Share of the Net Pension Liability, Cost-Sharing Defined Benefit Pension Plan	TWO
Schedule of Contributions, Cost-Sharing Defined Benefit Pension Plan	THREE

OTHER SUPPLEMENTARY INFORMATION:

Schedule of Changes in Individual Funds	FOUR
---	------

ROY R. SEILER

***CERTIFIED PUBLIC ACCOUNTANT***

201C North Tehama  
Willows, CA 95988

Phone: 530-934-8841  
Fax: 530-934-8849

INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Willows  
Glenn County, California

**Report on the Financial Statements**

I have audited the accompanying financial of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my 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 of Willows, California, as of June 30, 2017, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information shown as statements one, two and three, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during our audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of changes in individual funds is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the City.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, I have also issued my report dated January 12, 2018, on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*.

I have also performed tests to determine that expenditures paid by the City were made in accordance with the allocation instructions and resolutions of the Glenn County Transportation Commission and in conformance with the California Transportation Development Act. Specifically, I performed each of the specific tasks identified in California Code of Regulations Section 6666 that are applicable to the City.

January 12, 2018

  
\_\_\_\_\_  
Roy R. Seiler, CPA

ROY R. SEILER

**CERTIFIED PUBLIC ACCOUNTANT**

---

201 C. North Tehama  
Willows, CA 95988

Phone: 530-934-8841  
Fax: 530-934-8849

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 City Council  
City of Willows, California

I 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 and the aggregate remaining fund information of City of Willows, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Willows, California's basic financial statements, and have issued my report thereon dated January 12, 2018.

**Internal Control Over Financial Reporting**

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

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

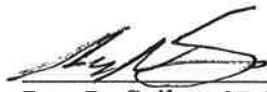
### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

January 12, 2018



Roy R. Seiler, CPA



## MANAGEMENT'S DISCUSSION AND ANALYSIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Willows (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. Please read it in conjunction with the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

The City's overall net position ended at \$8,418,250 as a result of this year's operations and prior period adjustment due to actuarial changes associated with pensions.

During the year, the City's taxes, other governmental revenues and business activity revenues exceeded expenses by \$481,389, including the effect of depreciation, a non-cash expense, of \$515,906.

Governmental net assets ended the year at \$3,333,868.

The total revenues from all sources were \$6,600,297.

The total cost of all City programs was \$6,118,908.

The General Fund expenditures and other financing uses exceeded revenues and other financing sources \$30,629.

Actual resources received in the General Fund were greater than the final budget by \$181,319, while actual expenditures and operating transfers were \$73,804 greater than final budget.

At the end of the fiscal year, fund balance for the General Fund was \$1,111,171 or 28.7% of total General Fund expenditures.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are:

1. Government-wide financial statements, which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the City as a whole.
2. Fund financial statements describe how City services are financed in the short term as well as what resources are available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.
3. Notes to the financial statements.

### Reporting the City as a Whole

#### The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the city's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are accounted for regardless of when cash is received or paid.

These two statements report the City's net position and changes thereto. Net position, the difference between assets and liabilities, are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the net position are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the City's property tax base or condition of the City's roads and other infrastructure assets to accurately assess the overall health of the City.

The Statement of Net Position and the Statement of Activities present information about the following.

**Governmental activities** - All of the City's basic services are considered to be governmental activities, including general government, community development, public safety, public works, and community services. Property taxes, sales taxes, Vehicle License Fees (VLF), transient occupancy taxes, and franchise fees finance most of these activities.

**Business (proprietary fund) type activities** - The City charges a fee to customers to cover all or most of the cost of the services provided. The City's sewer and water services are reported in this category.

## Reporting the City's Most Significant Funds

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds--not the City as a whole. Some funds are required to be established by State law or by bond covenants. However, management establishes many other funds that aid in the administration of resources for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The City's three kinds of funds, governmental, proprietary, and fiduciary use different accounting approaches as explained below.

**Governmental funds** - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily 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. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

**Business Type (Proprietary) funds** - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

**Fiduciary Funds**- Fiduciary funds are used to account for resources held for the benefit of parties outside the government or for specific contributions, gifts, or bequests made on the government's behalf by non-public entities. Fiduciary funds are not reflected in the government-wide financial statements, as those funds are not available to support general City programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

## THE CITY AS A WHOLE

The net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business activities are presented in total on these tables.

Table 1  
City of Willows' Net Position  
(Full Accrual)

	Governmental Activities 2017	%	Governmental Activities 2016	%
Current and Other Assets	\$3,601,527	33.7	\$3,831,293	40.8
Capital Assets	5,421,365	50.8	4,848,445	51.7
Deferred Outflows-Pension	1,655,103	15.5	706,861	7.5
Total Assets and Deferred Outflows	10,677,995	100.0	9,386,599	100.0
Current and Other Liabilities	\$ 849,602	8.0	\$1,123,046	12.0
Net Pension Liability	6,259,835	58.6	5,520,535	55.9
Deferred Inflows-Pension	234,690	2.2	449,670	4.8
Total Liabilities and Deferred Inflows	7,344,127	68.8	6,823,251	72.7
Net Position:				
Invested in Capital Assets	\$5,421,365	50.8	\$ 4,798,131	51.1
Net of Debt				
Committed for Working Capital	200,000	2.1	200,000	2.1
Committed for Surplus Property	5,000	0.1	5,000	0.1
Uncommitted	( 4,100,248)	(38.4)	(4,225,829)	(45.0)
(2016 Net of Adjustment of \$206)				
Restricted For:				
Parks, Recreation, Public Works	1,366,729	12.8	1,338,913	14.3
Library	131,733	1.2	124,356	1.2
Public Safety	155,295	1.3	163,941	1.8
Housing & Community Development	153,994	1.3	158,836	1.7
Total Net Position	\$3,333,868	31.2	\$2,563,348	27.3

Table 1 (Cont'd)  
City of Willows' Net Position  
(Full Accrual)

	Business-Type Activities 2017	%	Business-Type Activities 2016	%
Current and Other Assets	\$ 1,694,073	14.0	\$ 1,840,196	14.8
Capital Assets	10,217,380	84.4	10,499,145	84.5
Deferred Outflows-Pension	191,931	1.6	81,844	.7
Total Assets and Deferred Outflows	12,103,384	100.0	12,421,185	100.0
Current and Other Liabilities	\$ 223,219	1.8	\$ 237,879	1.9
Long-Term Debt	5,934,000	49.0	6,040,000	48.6
Net Pension Liability	829,922	6.9	712,772	5.7
Deferred Inflows-Pension	31,861	.3	56,814	.5
Total Liabilities and Deferred Inflows	7,019,002	58.0	7,047,465	56.7
Net Position:				
Invested in Capital Assets	\$ 4,177,380	34.5	\$ 4,358,145	35.1
Net of Debt				
Restricted For:				
Debt Service	360,600	3.0	324,600	2.6
Utility Service	546,402	4.5	690,974	5.6
Total Net Position	\$ 5,084,382	42.0	\$ 5,373,719	43.3

Table 2  
City of Willows Changes In Net Position  
(Full Accrual)

	Governmental Activities 2017	Business-Type Activities 2017	Total	Governmental Activities 2016	Business-Type Activities 2016	Total	\$ Change
<b>REVENUES:</b>							
Program Revenues:							
Charges for Services	\$ 33,262	\$ 1,606,680	\$ 1,639,942	\$ 32,607	\$ 1,642,802	\$ 1,675,409	\$ (35,467)
Operating Grants/Contributions	\$ 433,821		\$ 433,821	\$ 971,693		\$ 971,693	\$ (537,872)
Capital Grants/Contributions	\$ 731,429	\$ -	\$ 731,429	\$ 416,368	\$ -	\$ 416,368	\$ 315,061
General Revenues:							
Taxes	\$ 2,667,170		\$ 2,667,170	\$ 2,604,162		\$ 2,604,162	\$ 63,008
Intergovernmental	\$ 596,200		\$ 596,200	\$ 522,331		\$ 522,331	\$ 73,869
Investment Income	\$ 28,422	\$ 9,849	\$ 38,271	\$ 25,858	\$ 7,744	\$ 33,602	\$ 4,669
Other	\$ 493,364		\$ 493,364	\$ 430,499		\$ 430,499	\$ 62,865
<b>TOTAL REVENUES</b>	<b>\$ 4,983,668</b>	<b>\$ 1,616,529</b>	<b>\$ 6,600,197</b>	<b>\$ 5,003,518</b>	<b>\$ 1,650,546</b>	<b>\$ 6,654,064</b>	<b>\$ (53,867)</b>
<b>EXPENSES:</b>							
General Government	\$ 519,613		\$ 519,613	\$ 668,968		\$ 668,968	\$ (149,355)
Public Safety	\$ 2,357,954		\$ 2,357,954	\$ 2,241,481		\$ 2,241,481	\$ 116,473
Parks and Public Works	\$ 695,446		\$ 695,446	\$ 678,163		\$ 678,163	\$ 17,283
Library	\$ 303,026		\$ 303,026	\$ 267,650		\$ 267,650	\$ 35,376
Recreation	\$ 164,641		\$ 164,641	\$ 165,158		\$ 165,158	\$ (517)
Housing/ Community Development	\$ 249,596		\$ 249,596	\$ 689,681		\$ 689,681	\$ (440,085)
Sewer		\$ 1,815,783	\$ 1,815,783		\$ 1,725,491	\$ 1,725,491	\$ 90,292
Water		\$ 12,849	\$ 12,849		\$ 9,382	\$ 9,382	\$ 3,467
<b>TOTAL EXPENSES</b>	<b>\$ 4,290,276</b>	<b>\$ 1,828,632</b>	<b>\$ 6,118,908</b>	<b>\$ 4,711,101</b>	<b>\$ 1,734,873</b>	<b>\$ 6,445,974</b>	<b>\$ (327,066)</b>
<b>INCREASE IN NET POSITION BEFORE TRANSFERS</b>	<b>\$ 693,392</b>	<b>\$ (212,103)</b>	<b>\$ 481,289</b>	<b>\$ 292,417</b>	<b>\$ (84,327)</b>	<b>\$ 208,090</b>	<b>\$ 273,199</b>
Transfers	\$ 77,234	\$ (77,234)	\$ -	\$ 77,234	\$ (77,234)	\$ -	
<b>INCREASE IN NET POSITION</b>	<b>\$ 770,626</b>	<b>\$ (289,337)</b>	<b>\$ 481,289</b>	<b>\$ 369,651</b>	<b>\$ (161,561)</b>	<b>\$ 208,090</b>	
<b>NET POSITION-July 1</b>	<b>\$ 2,563,348</b>	<b>\$ 5,373,719</b>	<b>\$ 7,937,067</b>	<b>\$ 2,253,651</b>	<b>\$ 5,542,237</b>	<b>\$ 7,795,888</b>	
<b>PRIOR PERIOD ADJUSTMENT</b>	<b>\$ (206)</b>		<b>\$ (206)</b>	<b>\$ (59,954)</b>	<b>\$ (6,957)</b>	<b>\$ (66,911)</b>	
<b>NET POSITION-June 30</b>	<b>\$ 3,333,768</b>	<b>\$ 5,084,382</b>	<b>\$ 8,418,150</b>	<b>\$ 2,563,348</b>	<b>\$ 5,373,719</b>	<b>\$ 7,937,067</b>	

The City's combined net position as of June 30, 2017 was \$8,418,150. Specifically, the City's net position for governmental activities were \$3,333,768, while business-type activities resulted in a net position of \$5,084,382. Please further note that the net position of governmental activities included a prior period adjustment of \$206 pertaining to net pension liabilities associated with GASB 68 compliance.

The City experienced a decrease in operating grant revenue of approximately \$538K as the HOME Senior Housing Complex grant was completed early in the 2015-16 fiscal year. Capital Grant revenue increased approximately \$315K as a result of STIP grant activity pertaining to Sacramento and Butte Streets were completed in early 2016-17.

Housing and community development expenses were down approximately \$440K due, again, to the completion of the HOME-Senior Housing activity being completed in 2015-16.

One transfer is included in the City-Wide Statement of Activities. \$77,234 is transferred annually to the General Fund from the Sewer Fund for administrative services provided by City personnel not directly funded by the Sewer Fund.

Table 3  
Statement of Interfund Transfers  
(Full Accrual, in Whole Dollars)

	Governmental 2017	Business-Type 2017	Total 2017
Interfund Transfer In (Out)			
General Fund	\$ 77,234		\$77,234
Sewer Fund		(\$77,234)	(\$77,234)
Net Transfer	\$ 77,234	(\$77,234)	\$-0-

Table 4  
Statement of Inter-Fund Transfers and Due To/From Fund Transactions  
(Modified Accrual, Per Fund Statements)

	Governmental Activities 2017	Business-Type Activities 2017	Total 2017
<b>Interfund Transfers In (by Fund):</b>			
(1) General	\$ 77,234		\$ 77,234
(2) Community Discretionary	\$ 15,719		\$ 15,719
<b>Interfund Transfers Out (By Fund)</b>			
(1) Sewer		\$ (77,234)	\$ (77,234)
(2) 1992 CDBG Housing Loans	\$ (5,031)		\$ (5,031)
(2) 2003 CDBG Housing Loans	\$ (1,136)		\$ (1,136)
(2) CDBG-PI	\$ (779)		\$ (779)
(2) 1997 CDBG Housing Loans	\$ (4,662)		\$ (4,662)
(2) 2000 CDBG Housing Loans	\$ (4,111)		\$ (4,111)
<b>Net Transfers In and Out</b>	\$ 77,234	\$ (77,234)	\$ -
<b>Amounts Due from Other Funds:</b>			
(3) General	\$ 301,543		\$ 301,543
<b>Amounts Due to Other Funds:</b>			
(3) STIP	\$ (225,001)		\$ (225,001)
(3) EDA Grant	\$ (76,542)		\$ (76,542)
<b>Net Amounts Due to/from Other Funds</b>	\$ -	\$ -	\$ -

- (1) Annual transfer to the General Fund from the Sewer Fund for administrative services provided by City personnel not directly funded by the Sewer Fund.
- (2) Transfer of loan payments received on CDBG housing rehabilitation loans that are not subject to CDBG revolving requirements.
- (3) Due to General Fund from various funds where receivable balances are recorded at 6/30/17, but funds have not yet been received to cover cash deficits.

Items (2) and (3) are included on the modified accrual Balance Sheet or Statement of Revenues, Expenditures and Changes in Fund Balance but are eliminated in the full accrual statements.

Table 5  
Schedule of Changes in Individual Funds  
Full Accrual Enterprise Funds  
Modified Accrual Other Funds

FUND	NET POSITION July 1, 2016	PRIOR PERIOD ADJUSTMENT	NET RECEIPTS (EXPENDITURES)	TRANSFERS IN	TRANSFERS OUT	NET POSITION June 30, 2017
<b>GENERAL FUND</b>						
General Fund	936,806		(107,863)	77,234		906,177
General Fund-Working Reserve	200,000		0			200,000
General Fund-Surplus Property	5,000		0			5,000
<b>TOTAL GENERAL FUND</b>	<b>1,141,806</b>	<b>0</b>	<b>(107,863)</b>	<b>77,234</b>	<b>0</b>	<b>1,111,177</b>
<b>PARKS AND PUBLIC WORKS FUNDS</b>						
State Transportation Improvement Program	(400)		400			0
Willows Lighting and Landscape District	11,059		2,972			14,031
PG&E-Sacramento Street Grant	0		0			0
EDA Grant	0		0			0
Mall Maintenance	14,999		0			14,999
NCCSIF-Safety/ADA	0		0			0
Storm Drainage Impact	289,404		3,970			293,374
Street Development Impact	106,505		2,157			108,662
Park Facilities Impact	255,200		2,675			257,875
I-5 Interchange Impact	327,534		3,991			331,525
TANF-ARRA Employment	114		(114)			0
CA Recycle Grant	8,970		0			8,970
<b>TOTAL PARKS AND PUBLIC WORKS</b>	<b>1,013,385</b>	<b>0</b>	<b>16,051</b>	<b>0</b>	<b>0</b>	<b>1,029,436</b>
<b>GAS TAX FUNDS</b>						
RSTP	169,127		966			170,093
Gas Tax 2105	70,585		(4,124)			66,461
Gas Tax 2106	0		0			0
Gas Tax 2107	1		(1)			0
Gas Tax 2107.5	10		1,480			1,490
Gas Tax 2103	70,302		7,972			78,274
<b>TOTAL GAS TAX</b>	<b>310,025</b>	<b>0</b>	<b>6,293</b>	<b>0</b>	<b>0</b>	<b>316,318</b>
<b>HOUSING AND COMMUNITY DEVELOPMENT</b>						
Certified Access Specialist	303		537			840
Community Discretionary	124,211		(16,091)	15,719		123,839
2003 CDBG Housing Loans	0		1,136		1,136	0
Economic Development	34,322		(7,462)			26,860
1992 CDBG Housing Loans	0		5,031		5,031	0
1997 CDBG Housing Loans	0		4,662		4,662	0
2000 CDBG Housing Loans	0		4,111		4,111	0
CDBG-Program Income	0		779		779	0
HOME Program Income	0		2,455			2,455
<b>TOTAL HOUSING AND COMMUNITY DEVELOPMENT</b>	<b>158,836</b>	<b>0</b>	<b>(4,842)</b>	<b>15,719</b>	<b>15,719</b>	<b>153,994</b>
<b>RECREATION</b>						
Recreation Reimbursable	14,372		5,460			19,832
Recreation Cultural	1,131		12			1,143
<b>TOTAL RECREATION</b>	<b>15,503</b>	<b>0</b>	<b>5,472</b>	<b>0</b>	<b>0</b>	<b>20,975</b>



Table 5 (Cont'd)  
Schedule of Changes in Individual Funds  
Full Accrual Enterprise Funds  
Modified Accrual Other Funds

FUND	NET POSITION July 1, 2016	PRIOR PERIOD ADJUSTMENT	NET RECEIPTS (EXPENDITURES)	TRANSFERS IN	TRANSFERS OUT	NET POSITION June 30, 2017
<b>LIBRARY</b>						
County Library	23,826		6,874			30,700
Northnet-Training Funding	1,892		1,000			2,892
CLSA-Delivery Funding	5,360		(1,474)			3,886
Literacy Passthrough	0					0
Library-Development Impact	93,278		978			94,256
<b>TOTAL LIBRARY</b>	<b>124,356</b>	<b>0</b>	<b>7,378</b>	<b>0</b>	<b>0</b>	<b>131,734</b>
<b>PUBLIC SAFETY</b>						
Asset Forfeiture	1		(1)			0
Fire-Development Impact	134,714		(15,073)			119,641
Fire Activity	31		(31)			0
Police Development Impact	23,196		458			23,654
SLESF	6,000		6,000			12,000
CHRP-Hiring Grant	0		0			0
OJP- BVP Program	0		0			0
<b>TOTAL PUBLIC SAFETY</b>	<b>163,942</b>	<b>0</b>	<b>(8,647)</b>	<b>0</b>	<b>0</b>	<b>155,295</b>
<b>FIDUCIARY FUNDS</b>						
Non-Expendible Trust Funds	114,821		1,203			116,024
Agency Funds	216,938		6,098			223,036
<b>TOTAL FIDUCIARY FUNDS</b>	<b>331,759</b>	<b>0</b>	<b>7,301</b>	<b>0</b>	<b>0</b>	<b>339,060</b>
<b>ENTERPRISE FUNDS</b>						
Sewer Enterprise	5,271,659		(206,285)		77,234	4,988,140
Water Enterprise	102,060		(5,818)			96,242
<b>TOTAL ENTERPRISE FUNDS</b>	<b>5,373,719</b>	<b>0</b>	<b>(212,103)</b>	<b>0</b>	<b>77,234</b>	<b>5,084,382</b>
<b>TOTALS</b>	<b>8,633,331</b>	<b>0</b>	<b>(290,960)</b>	<b>92,953</b>	<b>92,953</b>	<b>8,342,371</b>

Major (>\$100K) Net Position changes during the year included the Sewer Enterprise Fund (\$-283K) due to increased costs associated with electrical power and ongoing, contractual costs of plant operations.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Actual General Fund revenues were greater than final adopted budget. Total revenues were \$181,319 (5.0%) over budget. Property Tax revenue was greater than anticipated as the long term effect of the County's adjustment tax allocations were not as severe as anticipated. Sales Tax and Vehicle License Fee allotments were also greater than anticipated.

Total General Fund expenditures finished the year over budget by 1.9% or \$73,804. Close-out costs associated with the transfer of law enforcement services to the Glenn County Sheriff's Office (\$24K) and greater than anticipated costs in Housing and Community Development associated with Planning Services and transition within the Building Department (\$49K) were the primary reasons.

The final impact on the General Fund's fund balance was a decrease of \$30,629 reflecting revenues totaling \$3,767,661, expenditures totaling \$3,875,224, and an operating transfer in in the amount of \$77,234.

Table 6  
Schedule of Budgetary Expenditure Changes

Fund	Amount of Increase/(Decrease) From Original Budget
(1) General Fund	\$ 68,733
(2) Community Discretionary	30,000

- (1) General Fund items include appropriation of funds associated with Police Overtime (\$35K), Recreation Department Software and Hardware (\$18K), temporary Administrative Support Staffing (\$7K) and Personnel Costs in Community Services Department (\$6K)
- (2) Costs associated with preparation and grant submittal for a secondary grant associated with the South Tehama Basin Street Infrastructure project.

## CASH MANAGEMENT

The City utilizes internal management of cash and investments, utilizing informal advisory relationships with Stiefel Nicolaus and Edward Jones Investments, and maintains flexibility by utilizing a pooled cash system. Under the pooled cash concept, the City invests the cash of all funds with maturities planned to coincide with cash needs. Cash is invested in certain eligible securities as constrained by law and further limited by the City's investment policy. The goals of the City's investment policy are safety, liquidity, and yield. Cash Management is subject to oversight by the Finance Committee, consisting of the Finance Director, and two appointed members of the City Council.

## CAPITAL ASSETS

The capital assets of the City are those assets that are used in performance of City functions including infrastructure assets. Capital assets include equipment, buildings, land, park facilities, and roads. GASB-34 allows the City of Willows to report infrastructure assets in process or completed after June 15, 2003; reporting of infrastructure assets prior to June 15, 2003 is not required, and, therefore is not included in capital asset totals.

At June 30, 2017, net capital assets of the governmental activities totaled \$5,421,365 and the net capital assets of the business-type activities totaled \$10,217,380. Depreciation on capital assets is recognized in the Government-wide financial statements but not in the fund financial statements.

Table 7  
Schedule of Significant Capital Acquisitions  
And Projects

<u>Description</u>	<u>Expenditure Amount</u>	<u>Status at June 30, 2017</u>
Fire Department Roof Replacement (Insurance Proceeds Received-\$53,251)	\$ 70,263	Complete
Sacramento and Butte St. Reconstruction	676,555	Complete
South Tehama Infrastructure	33,788	In Progress

#### CURRENT LIABILITIES AND LONG-TERM DEBT

The City has total governmental type liabilities and deferred outflows of \$7,344,127 which includes \$6,568,556 in long-term liabilities, consisting of compensated absences deemed to be payable in a year or more, actuarially based pension liability resulting from implementation of *GASB 68* and actuarially- based other post-employment benefit liabilities. Business type liabilities total \$7,019,002, which includes \$6,779,946 in long-term liabilities pertaining to wastewater treatment facility renovations completed in 2007, accrued compensated absences deemed to be payable in a year or more, actuarially derived pension liability resulting from implementation of *GASB 68*, and actuarially derived other post-employment benefit liabilities.

#### NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the City's Budget for fiscal year 2017/18, the City Council and management recognized the ongoing cost of maintaining operations is of paramount concern, primarily in the areas of future pension cost and health care

The General Fund budget for 2017/18 includes an operating deficit of \$83,913 utilizing existing General Fund reserves (\$1,111,177 available at July 1, 2017) to cover the projected deficit.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Department:

<u>By mail</u>	<u>By Phone</u>	<u>By E-Mail</u>
City of Willows 201 North Lassen Street Willows, CA 95988	530-934-7041	<a href="mailto:tsailsbery@cityofwillows.org">tsailsbery@cityofwillows.org</a>

## BASIC FINANCIAL STATEMENTS

**CITY OF WILLOWS**  
**STATEMENT OF NET POSITION**  
June 30, 2017

	Governmental Activities	Business-Type Funds	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>ASSETS</b>			
Cash and Investments	2,682,971	1,479,614	4,162,585
Receivable:			
Accounts		210,291	210,291
Interest	12,088	4,168	16,256
Intergovernmental/Other	517,892		517,892
Deferred Loans	384,435		384,435
Prepaid Expenses	4,141		4,141
Capital Assets (Net of Depreciation)	5,421,365	10,217,380	15,638,745
	<u>9,022,892</u>	<u>11,911,453</u>	<u>20,934,345</u>
<b>DEFERRED OUTFLOWS</b>			
Deferred Outflow of Resources-Pension	<u>1,655,103</u>	<u>191,931</u>	<u>1,847,034</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><u>10,677,995</u></u>	<u><u>12,103,384</u></u>	<u><u>22,781,379</u></u>
<b>LIABILITIES DEFERRED INFLOWS AND NET ASSETS</b>			
<b>LIABILITIES</b>			
Accounts Payable	130,184	12,507	142,691
Interest Payable		62,117	62,117
Other Current Liabilities			
Compensated Absences			
Payable Withing One Year	15,747	1,781	17,528
Due in More Than One Year	141,719	16,024	157,743
Other	421		421
Deferred Revenue	394,529		394,529
OPEB Liability	167,002	24,790	191,792
Notes Payable			
Due Within One Year		106,000	106,000
Due in More Than One Year		5,934,000	5,934,000
Net Pension Liability	<u>6,259,835</u>	<u>829,922</u>	<u>7,089,757</u>
<b>TOTAL LIABILITIES</b>	<u>7,109,437</u>	<u>6,987,141</u>	<u>14,096,578</u>
<b>DEFERRED INFLOWS</b>			
Deferred Inflow of Resources-Pension	<u>234,690</u>	<u>31,861</u>	<u>266,551</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u><u>7,344,127</u></u>	<u><u>7,019,002</u></u>	<u><u>14,363,129</u></u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	5,421,365	4,177,380	9,598,745
Committed for Working Capital	200,000		200,000
Committed for Surplus Property	5,000		5,000
Uncommitted (Net of Prior Period Adjustment -\$206)	(4,100,248)		(4,100,248)
Restricted For:			
Parks, Recreation, Public Works, and Streets	1,366,729		1,366,729
Library	131,733		131,733
Public Safety	155,295		155,295
Housing and Community Development	153,994		153,994
Utility Service		546,402	546,402
Debt Service		360,600	360,600
<b>TOTAL NET POSITION</b>	<u><u>3,333,868</u></u>	<u><u>5,084,382</u></u>	<u><u>8,418,250</u></u>

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

## EXHIBIT TWO

CITY OF WILLOWS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

PROGRAM REVENUE					Net Revenue (Expense) And Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	519,613				(519,613)		(519,613)
Public Safety	2,357,954		176,236	1,662	(2,180,056)		(2,180,056)
Parks and Public Works	695,446	10,744	102,908	729,767	147,973		147,973
Library	303,026		117,106		(185,920)		(185,920)
Recreation	164,641	22,618			(142,023)		(142,023)
Housing and Community Development	249,596		37,571		(212,025)		(212,025)
Total Governmental Activities	4,290,276	33,362	433,821	731,429	(3,091,664)		(3,091,664)
Business Type Activities							
Sewer	1,815,783	1,599,744				(216,039)	(216,039)
Water	12,849	6,936				(5,913)	(5,913)
Total Business-Type Activities	1,828,632	1,606,680	0	0	0	(221,952)	(221,952)
3,660,084							
	General Revenues:						
	Taxes				2,667,170		2,667,170
	Intergovernmental Not For Restricted Use				596,200		596,200
	Investment Income				28,422	9,849	38,271
	Other				493,364		493,364
	Net Activity Transfers In/(Out)				77,234	(77,234)	0
	Total General Revenues and Transfers				3,862,390	(67,385)	3,795,005
	Change in Net Assets				770,726	(289,337)	481,389
	Net Position, Beginning (Prior Period Adjustment-Pension Liability Adjustment)				2,563,348 (206)	5,373,719	7,937,067 (206)
	Net Assets, Ending				3,333,868	5,084,382	8,418,250

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

**CITY OF WILLOWS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**June 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash and Investments	877,838	1,805,133	2,682,971
Receivables:			
Intergovernmental	210,655	307,237	517,892
Interest	4,659	7,429	12,088
Deferred Loans		384,435	384,435
From Other Funds	301,543		301,543
Other	4,127	14	4,141
<b>TOTAL ASSETS</b>	<b>1,398,822</b>	<b>2,504,249</b>	<b>3,903,071</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITY</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	119,664	10,520	130,184
Due to Other Funds		301,543	301,543
Compensated Absences	157,466		157,466
Other	421		421
<b>TOTAL LIABILITIES</b>	<b>277,551</b>	<b>312,063</b>	<b>589,614</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	10,094	384,435	394,529
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>10,094</b>	<b>384,435</b>	<b>394,529</b>
<b>FUND BALANCE</b>			
Fund Balances:			
Committed for Working Capital	200,000		200,000
Committed for Surplus Property	5,000		5,000
Uncommitted	906,177		906,177
Restricted for:			
Parks, Recreation, Public Works, and Streets		1,366,729	1,366,729
Library		131,733	131,733
Public Safety		155,295	155,295
Housing and Community Development		153,994	153,994
<b>TOTAL FUND BALANCE</b>	<b>1,111,177</b>	<b>1,807,751</b>	<b>2,918,928</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>1,398,822</b>	<b>2,504,249</b>	<b>3,903,071</b>

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

**CITY OF WILLOWS**  
**Reconciliation of the Balance Sheet**  
**Of Government Funds to the**  
**Statement of Net Position**  
**June 30, 2017**

<b>Total Fund Balance-Total Governmental Funds Amounts Reported For Governmental Activities in the Statement of Net Assets are Different Because:</b>	<b>2,918,928</b>
<b>Capital Assets, Net of Accumulated Depreciation and Related Debt, Are Not Financial Resources, and, Therefore, Are Not Reported in the Funds</b>	<b>5,421,365</b>
<b>Deferred Outflow of Resources-Pension is an actuarial deferral related to pension activity. Pension activity is reported at the time of payment in Funds.</b>	<b>1,655,103</b>
<b>The unpaid annual contribution for accrued other post employment benefits is a long term obligation not due and payable in the current period, and, therefore, not reported in governmental funds</b>	<b>(167,002)</b>
<b>Net Pension Liability is an actuarial liability related to pension activity. Pension activity is reported at the time of payment in Funds.</b>	<b>(6,259,835)</b>
<b>Deferred Inflow of Resources-Pension is an actuarial deferral related to pension activity. Pension activity is reported at the time of payment in Funds.</b>	<b>(234,690)</b>
<b>Net Position of Governmental Activities</b>	<b><u>3,333,868</u></b>

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



**CITY OF WILLOWS**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Taxes	2,667,170		2,667,170
Licenses, Permits and Franchise	266,853		266,853
Fines Forfeitures and Penalties	16,381		16,381
Intergovernmental	596,200	1,090,178	1,686,378
Charges for Services	151,692	33,361	185,053
Interest	10,927	17,495	28,422
Other	58,438	75,073	133,511
<b>Total Revenue</b>	<b>3,767,661</b>	<b>1,216,107</b>	<b>4,983,768</b>
<b>EXPENDITURES</b>			
General Government	514,535		514,535
Public Safety	2,269,776	171,127	2,440,903
Parks and Public Works	459,227	107,661	566,888
Recreation	153,446	17,360	170,806
Library	197,609	110,706	308,315
Housing and Community Development	218,030	43,895	261,925
Capital Outlay	62,901	743,653	806,554
<b>Total Expenditures</b>	<b>3,875,524</b>	<b>1,194,402</b>	<b>5,069,926</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(107,863)</b>	<b>21,705</b>	<b>(86,158)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	77,234	15,719	92,953
Transfers Out		(15,719)	(15,719)
<b>Total Other Financing Sources (Uses)</b>	<b>77,234</b>	<b>0</b>	<b>77,234</b>
<b>Net Change in Fund Balance</b>	<b>(30,629)</b>	<b>21,705</b>	<b>(8,924)</b>
<b>Fund Balance, July 1, 2016</b>	<b>1,141,806</b>	<b>1,786,046</b>	<b>2,927,852</b>
<b>Fund Balance, June 30, 2017</b>	<b>1,111,177</b>	<b>1,807,751</b>	<b>2,918,928</b>

The notes to the 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**  
**Statement of Activities**  
**For The Year Ended June 30, 2017**

**Amounts Reported For Governmental Activities  
in the Statement of Activities are Different Because:**

<b>Net Change in Fund Balances: Total Governmental Funds</b>	<b>(8,924)</b>
<b>Governmental Funds Reported Capital Outlays as Expenditures</b>	<b>806,554</b>
<b>In the Statement of Activities, the Cost of Capital Assets is Allocated Over their Estimated Useful Lives as Depreciation Expense</b>	<b>(233,635)</b>
<b>In the Statement of Activities, Capital Lease Payment is Reported in Interest Expense and Reduction In Outstanding Debt Components. It is treated as an expenditure for Governmental Fund purposes.</b>	<b>52,603</b>
<b>In the Statement of Activities-Pension Expense is derived from a number of actuarial factors. In Governmental Funds, expenditures for Pensions are reported as payment is made.</b>	<b>154,128</b>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>770,726</u></b>

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

**CITY OF WILLOWS  
STATEMENT OF POSITION  
PROPRIETARY FUNDS  
June 30, 2017**

	Sewer Enterprise Funds	Water Enterprise Fund	Totals
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash	1,473,021	6,593	1,479,614
Receivables:			
Accounts	207,351	2,940	210,291
Interest	4,128	40	4,168
<b>Total Current Assets</b>	<u>1,684,500</u>	<u>9,573</u>	<u>1,694,073</u>
<b>Non-Current Assets</b>			
Capital Assets			
Systems and Improvements	13,218,236	162,133	13,380,369
Licensed Vehicles	576,045		576,045
Equipment	76,099		76,099
Accumulated Depreciation	(3,739,689)	(75,444)	(3,815,133)
<b>Total Non-Current Assets</b>	<u>10,130,691</u>	<u>86,689</u>	<u>10,217,380</u>
<b>Deferred Outflows of Resources</b>			
Deferred Pension Outflows	191,931		191,931
<b>TOTAL ASSETS</b>	<u>12,007,122</u>	<u>96,262</u>	<u>12,103,384</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	12,486	21	12,507
Accrued Compensated Absences	17,805		17,805
Accrued Interest Payable	62,117		62,117
Notes Payable- Current Portion	106,000		106,000
<b>Total Current Liabilities</b>	<u>198,408</u>	<u>21</u>	<u>198,429</u>
<b>Non-Current Liabilities</b>			
OPEB Payable	24,790		24,790
Notes Payable	6,040,000		6,040,000
Less: Current Portion	(106,000)		(106,000)
Net Pension Liability	829,922		829,922
<b>Total Non-Current Liabilities</b>	<u>6,788,712</u>	<u>0</u>	<u>6,788,712</u>
<b>Deferred Inflows of Resources</b>			
Deferred Pension Inflows	31,861		31,861
<b>TOTAL LIABILITIES</b>	<u>7,018,981</u>	<u>21</u>	<u>7,019,002</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	4,090,691	86,689	4,177,380
Restricted for Debt Service	360,600		360,600
Restricted for Utility Service	536,850	9,552	546,402
<b>TOTAL NET POSITION</b>	<u>4,988,141</u>	<u>96,241</u>	<u>5,084,382</u>

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

**CITY OF WILLOWS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	SEWER ENTERPRISE FUND	WATER ENTERPRISE FUND	TOTALS
<b>OPERATING REVENUES:</b>			
Charges for Services	1,574,130	6,936	1,581,066
Connection Fees	25,272		25,272
Development Impact Fees	342		342
<b>TOTAL OPERATING REVENUES</b>	<b>1,599,744</b>	<b>6,936</b>	<b>1,606,680</b>
<b>OPERATING EXPENSES:</b>			
Salaries and Benefits	369,517		369,517
Maintenance	76,128	4,883	81,011
Utilities	218,120	279	218,399
Professional Fees	623,671	2,769	626,440
Depreciation	278,153	4,118	282,271
Other		800	800
<b>TOTAL OPERATING EXPENSES</b>	<b>1,565,589</b>	<b>12,849</b>	<b>1,578,438</b>
<b>OPERATING INCOME (LOSS)</b>	<b>34,155</b>	<b>(5,913)</b>	<b>28,242</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income	9,755	94	9,849
Interest Expenses	(250,194)		(250,194)
<b>TOTAL NON-OPERATING REVENUES AND EXPENSES</b>	<b>(240,439)</b>	<b>94</b>	<b>(240,345)</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>(206,284)</b>	<b>(5,819)</b>	<b>(212,103)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfer Out	(77,234)		(77,234)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(77,234)</b>	<b>0</b>	<b>(77,234)</b>
<b>CHANGE IN NET POSITION</b>	<b>(283,518)</b>	<b>(5,819)</b>	<b>(289,337)</b>
<b>NET POSITION, July 1, 2016</b>	<b>5,271,659</b>	<b>102,060</b>	<b>5,373,719</b>
<b>PRIOR PERIOD ADJUSTMENT</b>			<b>-</b>
<b>NET POSITION, June 30, 2017</b>	<b>4,988,141</b>	<b>96,241</b>	<b>5,084,382</b>

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

CITY OF WILLOWS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Sewer Enterprise	Water Enterprise	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Sewer Services and Connections	1,625,170		1,625,170
Cash Received from Water Services		4,277	4,277
Cash Payments for Employee and Related Expenses	(388,093)		(388,093)
Cash Payments for Repairs and Maintenance	(75,836)	(4,883)	(80,719)
Cash Payments for Utilities	(213,751)	(279)	(214,030)
Cash Payments for Professional and Contract Services	(623,671)	(3,133)	(626,804)
Cash Payments for Other Expenses		(800)	(800)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>323,819</b>	<b>(4,818)</b>	<b>319,001</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Operating Transfers In	0	0	0
Operating Transfers Out	(77,234)	0	(77,234)
<b>NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	<b>(77,234)</b>	<b>0</b>	<b>(77,234)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of Capital Assets	(799)		(799)
Interest Paid	(251,233)		(251,233)
Payment on Long Term Debt	(101,000)		(101,000)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(353,032)</b>	<b>0</b>	<b>(353,032)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest Received	7,386	70	7,456
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>7,386</b>	<b>70</b>	<b>7,456</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(99,061)</b>	<b>(4,748)</b>	<b>(103,809)</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2016</b>	<b>1,572,082</b>	<b>11,341</b>	<b>1,583,423</b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2017</b>	<b>1,473,021</b>	<b>6,593</b>	<b>1,479,614</b>

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

CITY OF WILLOWS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Sewer Enterprise	Water Enterprise	Total
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating Income	34,155	(5,913)	28,242
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	278,153	4,118	282,271
Decrease (Increase) in Receivables	47,365	(2,659)	44,706
Increase (Decrease) in Payables	(17,278)	(364)	(17,642)
Increase (Decrease) in Accrued Compensated Absences	(686)		(686)
Increase (Decrease) in OPEB Liability	0		0
Increase (Decrease) in Other Liabilities	(17,890)		(17,890)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>323,819</b>	<b>(4,818)</b>	<b>319,001</b>

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

**CITY OF WILLOWS  
STATEMENT OF POSITION  
FIDUCIARY FUNDS  
June 30, 2017**

	Non Expendible Trust Fund	Agency Funds	Totals
<b>ASSETS:</b>			
Cash and Investments	115,515	223,759	339,274
Receivables:			
Interest	509	109	618
<b>TOTAL ASSETS</b>	<b>116,024</b>	<b>223,868</b>	<b>339,892</b>
 <b>LIABILITIES</b>			
Accounts Payable		6,930	6,930
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>6,930</b>	<b>6,930</b>
 <b>NET POSITION</b>			
Restricted for Trust Designated Purposes	116,024	216,938	332,962
<b>TOTAL NET POSITION</b>	<b>116,024</b>	<b>216,938</b>	<b>332,962</b>

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

**CITY OF WILLOWS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	NON-EXPENDIBLE TRUST FUND	AGENCY FUNDS	TOTALS
<b>ADDITIONS</b>			
Contributions		4,863	4,863
Use of Money	1,203	577	1,780
Service Fees		79,897	79,897
Other		5,207	5,207
Total Additions	1,203	90,544	91,747
<b>DEDUCTIONS</b>			
Library		7,349	7,349
Parks and Recreation		9,046	9,046
Housing and Community Development		67,066	67,066
Other		985	985
Total Deductions	0	84,446	84,446
<b>CHANGE IN NET POSITION</b>	1,203	6,098	7,301
NET POSITION, July 1, 2016	114,821	216,938	331,759
NET POSITION, June 30, 2017	116,024	223,036	339,060

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



CITY OF WILLOWS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

NOTE 1            SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The City of Willows, California (the "City") was incorporated in 1886, under the provisions of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting principles and practices are discussed in subsequent sections of this note. All other notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2017.

The Reporting Entity

The City, for financial purposes, includes all of the funds and account groups relevant to the operations of the City of Willows. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City.

B. Government Wide and Fund Financial Statements.

The government wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information of all the non-fiduciary activities of the City and its component units. For the most part, the effect of inter fund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds financial statements. Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues if received within 60 days of year-end.

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

All governmental funds are accounted for using the "current financial resources measurement focus" and the modified accrual basis of accounting. This means that (generally) only current assets and current liabilities are included on their balance sheets. Statements of revenue, expenditures and changes in fund balances for governmental funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are recognized when they are both measurable and available and expenses are recorded when the liability is incurred.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

Special Revenue Funds- Are utilized to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specific purposes.

The City reports the following major proprietary funds:

Sewer Enterprise Fund- This fund accounts for sewer connection, collection, and treatment operations.

Water Enterprise Fund- This fund accounts for the water distribution operations.

#### D. Budgets and Budgetary Accounting

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

1. Formal budgetary integration is employed as a management control device during the year for all funds. These budgets, except as stated below, are adopted on the cash basis of accounting.
2. The encumbrance system of budgetary accounting is not utilized.
3. The City Council approves, by motion, total budget appropriations. Any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Govt, Public Safety, etc).
4. Unused appropriations for all of the above annually budgeted funds lapse at the end of year, unless specifically appropriated to the following year by the City Council.
5. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

#### E. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City of Willows within the California Public Employees' Retirement System ("CalPERS") plans and the 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.

F. Assets, Liabilities and Net Assets or Equity:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are deposits and investments readily convertible into known amounts of cash with original maturities at date of purchase or deposit of less than three months.

INVESTMENTS

The City records its investment at original cost, with applicable premium or discounts from par value amortized over the period to maturity of the investment. Cost vs. fair market value of such investments are presented at Note 2, but are not reflected in the financial statements. Fair market value has been determined based on quoted market prices

RECEIVABLES AND PAYABLES:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the year is referred to as either due to or due from other funds. All trade and property tax receivables are shown net of allowance for uncollectible accounts, which management has determined to be zero. Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments on December 10 and April 10. The City collects its share of property taxes through the County of Glenn. The City relies on the competency of the County in determining its share of the overall property tax collections.

PREPAID ITEMS:

Certain payments to vendors and others reflect costs applicable to future accounting periods and are recorded as prepaid items in both government wide and fund financial statements.

CAPITAL ASSETS:

Property, plant and equipment of all funds and component units are stated at historical cost or estimated historical cost and are reported in the applicable governmental or business type column in the government wide financial statements. Capital assets are defined by the city as assets with an individual cost of more than \$500 and an estimated useful life of more than two years. Capital assets, except for land, are depreciated using estimated lives of five to fifty years. When capital assets are disposed, the cost and related depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

As permitted by GASB Statement No. 34, the City has elected to not report infrastructure, other than those in business type funds, that is pre-existing as of June 1, 2003, and began prospective reporting of infrastructure assets acquired or constructed during the current fiscal period.

HOUSING AND REHABILITATION LOAN PROGRAM:

The City has entered into an agreement with the State of California where by the City will loan, for qualifying rehabilitation projects, funds to individuals within the City of Willows.

ACCRUED COMPENSATED ABSENCES

The City provides for accrued compensatory absences for vacation, certain holidays, and in-lieu of overtime compensation. The range of allowed accrual of said types of compensation vary based upon the classification of compensatory absence. The City accrues the liability associated with the available accrued compensatory absences on an annual basis. As of June 30, 2017, said accrual was \$175,271.

## LONG-TERM DEBT:

In the government wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other obligations are reported as liabilities in the applicable governmental activities, business type activities or proprietary fund type statements of net assets.

## NET POSITION:

In accordance with Government Accounting Standards Board Statement No. 61, the City utilizes the following fund balance classifications:

Restricted- Fund balance amounts that are constrained for the specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation

Committed-Fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority and does not lapse at year-end

Uncommitted-Positive fund balances within the General fund which has not been classified with above mentioned categories.

The City uses restricted funds to be expended first when both restricted funds be spent first when both restricted and uncommitted fund balances are available unless legal documents prohibit doing this, such as grant agreements that require uncommitted funds be spent first or require dollar for dollar spending.

The City does not have a formal minimum fund balance policy.

A Schedule of Net Position is disclosed in Statement Four of this financial statement.

### G. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

## NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents at June 30, 2017 are reported at cost (fair market value differences are immaterial on cash equivalent deposit and investments) and consisted of the following:

Cash Held on Premises	\$ 200
Cash In Bank	317,893
Bank Money Market Accounts	1,625,647
Local Agency Investment Fund	<u>1,139,207</u>
Total Cash and Cash Equivalents	<u>\$ 3,082,947</u>

### Custodial Credit Risk

As of June 30, 2017, Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized under the provisions of the California Government Code, California banks are required to secure a City's deposits by pledging government securities as collateral. The market value of the pledged securities must equal at least 110 percent of the City's deposits. It is the City's policy not to waive the collateral requirements.

California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of a city's total deposits. It is the City's policy to accept this form of collateral.

At June 30, 2017, the carrying amount of the City's cash accounts was \$423,166 and the bank balances were \$317,893. The carrying value and the bank balances differ due to outstanding checks. Of the bank balance, \$124,244 was not covered by FDIC insurance but was subject to collateralization.

#### California Local Agency Investment Fund:

The Local Agency Investment Fund (LAIF) is a special fund of the California State Treasury through which local governments may pool investments. The City and the Agency each may invest up to \$40,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

#### Investments

Investments at June 30, 2017 are presented at cost and fair value as follows:

	<u>Rating</u>	<u>Cost</u>	<u>Fair Value</u>
Negotiable Certificates of Deposit	FDIC Insured	\$1,272,000	\$1,277,973
United States Agency-FNMA	AAA	\$ 150,000	\$ 150,421
Total		\$1,422,000	\$1,428,394

The City's investment policy limits the maturity of investments to five years from date of purchase in accordance with California Government code 53600. Maturities of investments held at June 30, 2017 consist of the following:

	<u>Par</u>	<u>Maturity Less Than One Year</u>	<u>Maturity Greater Than One Year</u>
Negotiable Certificates of Deposit	\$1,272,000	\$ 54,000	\$1,218,000
United States Agency Notes	150,000		150,000
Total	\$1,422,000	\$ 54,000	\$1,368,000

#### Authorized Investments:

In accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

Securities of the US Government, or its agencies  
 Certificates of deposit placed with commercial banks and savings and loan institutions  
 Negotiable Certificates of Deposit  
 Bankers Acceptances  
 Commercial Paper  
 Local Agency Investment Fund Demand Deposits  
 Passbook Savings Account Demand Deposits  
 Medium Term Corporate Note

Such investments are subject to minimum credit rating standards at the time of purchase by the City's Investment Policy in accordance with Section 53600 of the California Government Code.

### Concentration of Investment Credit Risk

The City's investment policy does not place limits on the amount that may be invested in any one issuer. At June 30, the City had the following investments that represent more than five percent of the funds total investments:

American Express Centurion	17%
Sallie Mae Bank	15%
Barclay's Bank	14%
Capital One Bank	14%
Federal Nat'l Mortgage Assn.	11%
Sandhills State Bank	8%
State Bank of India	7%
Goldman Sachs Bank	7%
Discover Bank	7%

### Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated 1) to those funds that are required by law or administrative action to receive interest and 2) to the proprietary funds. Interest is allocated on an annual basis based on the cash balance in each fund receiving interest.

### NOTE 3 PROPERTY TAXES

The City's ad Val Orem property tax is levied each July 1 on the assessed value listed as of March 1 for all real and business personal property located within the City. The assessed value of the roll on January 1, 2015 upon which the levy for the 2016-17 year was based was \$316,386,109.

Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments on December 10 and April 10. The City collects its share of property taxes through the County of Glenn. The City relies on the competency of the County in determining its share of the overall property tax collections.

### NOTE 4 CHANGES IN CAPITAL ASSETS

#### Governmental Capital Assets

A summary of changes in Governmental Capital Assets (Land, buildings, equipment, infrastructure and rolling stock only) follows: Please also refer to Note 1.

July 1	\$8,577,097
Additions	806,554
Deletions	(0)
June 30	\$9,383,651
Less: Accumulated Depreciation	(3,962,287)
Net Property, Plant, Infrastructure and Equipment	<u>\$ 5,421,364</u>

#### Business Type Capital Assets

A summary of changes in business type capital assets is as follows:

Property, Plant and Equipment July 1	\$14,032,008
Additions	505
Deletions	(0)
Property, Plant & Equipment June 30	\$14,032,513
Less: Accumulated Depreciation	(3,815,133)
Net Property, Plant and Equipment	<u>\$10,217,380</u>

With respect to leased purchase assets, it is the City's policy to capitalize the cost of these assets in accordance with generally accepted accounting principles.

#### NOTE 5 CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City of Willows for the Year ended June 30, 2017

##### Governmental Funds Long Term Debt Transactions

	<u>Fire Equipment Capital Lease</u>
Long term Debt July 1	\$ 50,314
Additions	-0-
Repayment	<u>(50,314)</u>
Long term Debt June 30	<u>\$ -0-</u>

Interest expense for the year ended June 30, 2017 was \$2,289.

##### Capitalized Lease-Fire Equipment:

On October 4, 2006, the City entered into a capital lease/purchase with Municipal Finance Corporation for the acquisition of a fire engine for the Willows Fire Department. The term of the financing is for 10 years at a rate of 4.45%. The capitalized lease was fully paid during 2016/17.

##### Business Type Long Term Debt Transactions

	<u>Wastewater Treatment Construction Loan</u>
Long term Debt July 1	\$6,141,000
Additions	-0-
Repayment	<u>(101,000)</u>
Long term Debt June 30	<u>\$6,040,000</u>

Interest expense for the year ended June 30, 2016 was \$250,194.

##### Federal Construction Loan Payable:

On August 10, 2004, the City Council entered into a loan agreement with the United States Department of Agriculture- Rural Development Services (USDA-RD) for a loan for the improvement of its Wastewater Facilities (See Note 9). The maximum loan amount is \$6,889,000 to be repaid over 40 years at an interest rate of 4.125%.

The annual requirements to amortize the loan as of June 30, 2017, are as follows:

<u>Fiscal Year</u>	<u>Interest Payment</u>	<u>Principal Payment</u>	<u>Total Payment</u>
2017/18	246,964	106,000	352,964
2018/19	242,509	110,000	352,509
2019/20	237,889	114,000	351,889
2020/21	233,083	119,000	352,083
2021/22	228,071	124,000	352,071
2022/23-2026/27	1,057,671	701,000	1,758,671
2027/28-2031/32	897,352	858,000	1,755,352
2032/33-2036/37	701,353	1,049,000	1,750,353
2037/38-2041/42	461,402	1,285,000	1,746,402
2042/43-2046/47	161,558	1,574,000	1,741,558
Total	<u>\$4,473,851</u>	<u>\$6,040,000</u>	<u>\$10,513,851</u>

#### NOTE 6 OTHER REQUIRED FUND DISCLOSURES

##### A. Excesses of Expenditures over Appropriations in Individual Funds

	<u>Expenditures</u>	<u>Appropriations</u>
General Fund	3,801,720	3,875,524
Gas Tax 2105	40,236	30,000
Water Enterprise	12,849	7,692
Community Discretionary	35,173	33,000
CSLA Delivery	10,078	4,525
Supplemental Law Enforcement	123,324	100,000

All expenditures in excess of appropriations were funded via existing fund balances or 2016-17 revenue within the given fund.

##### B. Deficit Fund Balances or Retained Earnings Balance of Individual Funds

At June 30, 2017, no Fund Balances within the City stood in a deficit balance.

These deficits, if any, are primarily the result of the unique accounting requirements of these funds. Management believes that they do not represent a significant financial burden at this time and is closely monitoring the activities in these funds to insure improved financial position.

##### C. Pooled Cash Inter-fund Receivable and Payable Balances:

Such balances at June 30, 2017 were:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$301,543	
State Transportation Improvement Program		\$225,001
EDA Grant		76,542
Totals	<u>\$301,543</u>	<u>\$301,543</u>



#### D. Individual Fund Operating Transfers

for the year Ended June 30, 2015 transfers were as follows:

	Transfers In	Transfers Out
To General Fund	\$ 77,234	
From Sewer Enterprise Fund		\$ 77,234
To Community Discretionary Fund	\$ 15,719	
From 1992 CDBG Housing Loans		\$ 5,031
2003 CDBG Housing Loans		1,136
CDBG-PI		779
1997 CDBG Housing Loans		4,662
2000 CDBG Housing Loans		4,111
Totals	\$ 92,953	\$ 92,953

#### NOTE 7 PENSION PLANS

##### A. *General Information about the Pension Plans*

*Plan Descriptions* –The City provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance. CalPERS issues publicly available reports that include full description of the pension plans regarding benefit provisions, assumptions, and membership information, that can be found on the CalPERS website.

*Benefits Provided* – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Death benefits include one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 60	2% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%

Required employer contribution rates	11.995%	6.555%
	Safety	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% to 2.7%
Required employee contribution rates	9%	11.50%
Required employer contribution rates	18.428%	12.082%

*Contributions* – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2017 employer plan pension contributions were \$199,849 and employer contributions to actuarially determined unfunded pension liabilities were \$432,969.

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

As of June 30, 2017, the Local Government reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$3,103,896
Safety	\$3,985,861
Total Net Pension Liability	\$7,089,757

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The Local Government's proportion of the net pension liability was based on a projection of the Local Government's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Local Government's proportionate share of the net pension liability for the Plans as of June 30, 2016, were as follows:

	Miscellaneous	Safety
Proportion- June 30, 2015	0.07452%	.07989%

For the year ended June 30, 2017, the City recognized pension expense of \$323,670. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Pension contributions subsequent to measurement date	\$639,429	
Differences between actual and expected experience		\$17,821
Changes in assumptions		\$208,952
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	\$156,105	\$39,778
Net differences between projected and actual earnings on plan investments	\$1,051,500	
Total	\$788,705	\$266,551

Recognition of deferred outflows and inflows of resources in future pension expense as follows:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending	
June 30	
2018	\$( 87,882)
2019	( 95,415)
2020	(484,605)
2021	(273,150)
Total	\$ 941,053

*Actuarial Assumptions* – The total pension liabilities in the Plan's actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30%-15.00% (1)
Investment Return	7.50% (2)
Mortality	Derived using CalPERS' membership data for all funds.

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation

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

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.50 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses. The asset allocation has an expected long-term blended rate of return of 7.5%

Asset Class	New Strategic Allocation
Global Equity	51%
Global Fixed Income	20%
Inflation Sensitive Assets	6%
Private Equity	10%
Real Assets	12%
Liquid Assets	1%
Total	100%

*Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* – The following presents the Local Government's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Local Government'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:

	Discount Rate-1% 6.65%	Current Discount Rate of 7.65%	Discount Rate +1% 8.65%
Total Plan	\$ 10,120,411	\$ 7,089,757	\$ 4,594,324

#### NOTE 8 JOINT VENTURE

The City is a member of the Northern California Cities Self Insurance Fund Joint Powers Authority (Authority) for workers' compensation and liability insurance purposes.

The following joint venture disclosures are made in compliance with GASB Code Section J50.103:

##### A. Description of Joint Powers Authority

The Authority is comprised of 21 Northern California Cities and is organized under a joint powers agreement pursuant to the California Government Code. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess liability coverage.

Each member City has a representative on the Board of Directors. Officers are elected annually.

##### B. Self-Insurance Program

General Liability Insurance: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Willows, self-insures for the first \$50,000 of each loss for liability and \$100,000 for workers' compensation. Participating cities shared in loss occurrences in excess up to \$500,000 for fiscal year 2017, \$39,500,000 in excess coverage for liability and \$4,500,000 in workers compensation, per occurrence, was purchased by the Authority. Specific coverage includes: comprehensive and general liability, personal injury, contractual liability, errors and omissions, and auto liability.

##### C. Condensed Financial Information of the Authority

Noted below is a condensed audited Statement of Net Position of the Authorities Combined Worker's Compensation Insurance and Liability Insurance Fund as of June 30, 2017 (Latest available):

Assets	<u>\$ 55,038,350</u>
Liabilities	<u>39,042,266</u>
Total Net Position	<u>\$ 15,996,084</u>

#### D. Claims and Judgments

The City accounts for material liability claims and judgment in accordance with GASB Code Section C50.110. When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage under its self-insurance program. At June 30, 2017, the City, in the opinion of the City Attorney, had no material claims, which would require loss provision in the financial statements. Small dollar claims and judgments are recorded as expenditures when paid.

#### NOTE 9 POST EMPLOYMENT (RETIREE) HEALTH BENEFITS

##### Plan Description

The City provides a defined benefit healthcare plan (the "Retiree Health Plan"). The City underwent a significant change in said plan at 6/30/17, and will make retiree health care available, but with the entire cost of the health plan to be borne by the retiree. Existing retirees may stay in the plan, with minimal contribution by the City. As a result, the City elected not to establish an actuarial expense for Post Employment Retiree Health Benefits under the auspices of *Government Accounting Standards Board Statement No. 45 for fiscal year ending June 30, 2017*.

#### NOTE 10 LITIGATION

The City estimates that potential claims not covered by insurance resulting from such litigation will not materially affect the financial statements of the City.

#### NOTE 11 CONTINGENCIES

The City participates in a number of Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. While the contingency for un-reimbursed expenditures could potentially be material, the amount, if any, of which may be disallowed by the granting agencies cannot be determined at this time.

#### NOTE 12 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to City employees, permits them to defer a portion of their salary until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the beneficiary participant=s rights under the plan are equal to the fair market value of the deferred account for each participant.

It is the opinion of the City that the City has no liability for losses under the plan but does have the duty of due care that would be required of the ordinary prudent investor.

#### NOTE 13 PRIOR PERIOD ADJUSTMENTS

The City posted one prior period adjustments to the July 1, 2016, beginning, net position:

	<u>Governmental Funds</u>
Adjustment to Net Pension Liability	\$206

#### NOTE 14 SUBSEQUENT EVENTS

The City has evaluated subsequent events through the date that the financial statements were issued, January 12, 2018, and determined that no events have occurred that meet the requirements for disclosure set for the by FASB Statement No. 165.

#### NOTE 15 FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statements listed below, as applicable, will be implemented in future financial statements:

Statement No. 73 "Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68" The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans" The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans" The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

Statement No. 82, "Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73" Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Statement No. 83, "Certain Asset Retirement Obligations"

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

#### NOTE 16 LAW ENFORCEMENT SERVICES

Effective July 1, 2017 the City of Willows commenced with contract law enforcement services with the Glenn County Sheriff's Office. The Willows Police Department was disbanded as a result of the transition to contract services.

## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF WILLOWS  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		General	Variance With
	Original	Final	Actual	Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes	2,541,000	2,581,000	2,667,170	86,170
Licenses, Permits and Franchise	251,500	268,607	266,853	(1,754)
Fines Forfeitures and Penalties	21,500	16,500	16,381	(119)
Intergovernmental	518,500	559,500	596,200	36,700
Charges for Services	119,736	124,236	151,692	27,456
Interest	15,000	15,000	10,927	(4,073)
Other	21,500	21,500	58,438	36,938
<b>Total Revenue</b>	<b>3,488,736</b>	<b>3,586,343</b>	<b>3,767,661</b>	<b>181,319</b>
<b>EXPENDITURES</b>				
General Government	488,392	495,392	514,535	(19,143)
Public Safety	2,210,746	2,245,746	2,269,776	(24,030)
Parks and Public Works	510,359	516,799	459,227	57,572
Recreation	147,671	147,671	153,446	(5,775)
Library	190,362	190,362	197,609	(7,247)
Housing and Community Development	169,217	169,217	218,030	(48,813)
Capital Outlay	16,240	36,533	62,901	(26,368)
<b>Total Expenditures</b>	<b>3,732,987</b>	<b>3,801,720</b>	<b>3,875,524</b>	<b>(73,804)</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(244,251)</b>	<b>(215,377)</b>	<b>(107,863)</b>	<b>107,514</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	77,234	77,234	77,234	0
<b>Total Other Financing Sources (Uses)</b>	<b>77,234</b>	<b>77,234</b>	<b>77,234</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(167,017)</b>	<b>(138,143)</b>	<b>(30,629)</b>	<b>107,514</b>
<b>Fund Balance, July 1, 2016</b>	<b>1,141,806</b>	<b>1,141,806</b>	<b>1,141,806</b>	<b>0</b>
<b>Fund Balance, June 30, 2017</b>	<b>974,789</b>	<b>1,003,663</b>	<b>1,111,177</b>	<b>107,514</b>

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

## STATEMENT TWO

CITY OF WILLOWS  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Cost-Sharing Defined Benefit Pension Plan  
As of June 30, 2017

	City of Willows Miscellaneous Plan	City of Willows Public Safety Plan	City of Willows PEPRA-Police	City of Willows PEPRA-Fire	City of Willows PEPRA-Miscellaneous
Plan's Proportion of the Net Pension Liability	0.07138%	0.05943%	0.00008%	0.00008%	0.00008%
Plan's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,301,130	\$ 4,268,343	\$ 5,284	\$ 1,689	\$ 1,503
Plan's Covered-Employee Payroll	\$ 679,260	\$ 610,984	\$ 104,781	\$ 81,475	\$ 41,302
Plan's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	485.99%	698.60%	5.04%	2.07%	3.64%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	68.70%	65.90%	87.40%	90.30%	91.00%

Based upon CalPERS June 30, 2016 Actuarial Evaluation (latest available)

## STATEMENT THREE

CITY OF WILLOWS  
SCHEDULE OF CONTRIBUTIONS  
Cost-Sharing Defined Benefit Pension Plan  
As of June 30, 2017

	City of Willows Miscellaneous Plan	City of Willows Safety Plan	City of Willows PEPRA-Police Plan	City of Willows PEPRA-Fire Plan	City of Willows PEPRA-Miscellaneous Plan
Contractually Required Contributions Actuarially Determined	\$ 305,512	\$ 416,655	\$ 18,874	\$ 19,743	\$ 9,297
Contributions in Relation to the Actuarially Determined Contribution	\$ (305,512)	\$ (416,655)	\$ (18,874)	\$ (19,743)	\$ (9,297)
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 628,716	\$ 606,417	\$ 79,952	\$ 83,718	\$ 72,611
Contributions as a Percentage of Covered -Employee Payroll	48.59%	68.71%	23.61%	23.58%	12.80%

OTHER SUPPLEMENTARY INFORMATION

CITY OF WILLOWS  
SCHEDULE OF CHANGES IN INDIVIDUAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

FUND	NET POSITION July 1, 2016	PRIOR PERIOD ADJUSTMENT	NET RECEIPTS (EXPENDITURES)	TRANSFERS IN	TRANSFERS OUT	NET POSITION June 30, 2017
<b>GENERAL FUND</b>						
General Fund	936,806		(107,863)	77,234		906,177
General Fund-Working Reserve	200,000		0			200,000
General Fund-Surplus Property	5,000		0			5,000
<b>TOTAL GENERAL FUND</b>	<b>1,141,806</b>	<b>0</b>	<b>(107,863)</b>	<b>77,234</b>	<b>0</b>	<b>1,111,177</b>
<b>PARKS AND PUBLIC WORKS FUNDS</b>						
State Transportation Improvement Program	(400)		400			0
Willows Lighting and Landscape District	11,059		2,972			14,031
PG&E-Sacramento Street Grant	0		0			0
EDA Grant	0		0			0
Mall Maintenance	14,999		0			14,999
NCCSIF-Safety/ADA	0		0			0
Storm Drainage Impact	289,404		3,970			293,374
Street Development Impact	106,505		2,157			108,662
Park Facilities Impact	255,200		2,675			257,875
I-5 Interchange Impact	327,534		3,991			331,525
TANF-ARRA Employment	114		(114)			0
CA Recycle Grant	8,970		0			8,970
<b>TOTAL PARKS AND PUBLIC WORKS</b>	<b>1,013,385</b>	<b>0</b>	<b>16,051</b>	<b>0</b>	<b>0</b>	<b>1,029,436</b>
<b>GAS TAX FUNDS</b>						
RSTP	169,127		966			170,093
Gas Tax 2105	70,585		(4,124)			66,461
Gas Tax 2106	0		0			0
Gas Tax 2107	1		(1)			0
Gas Tax 2107.5	10		1,480			1,490
Gas Tax 2103	70,302		7,972			78,274
<b>TOTAL GAS TAX</b>	<b>310,025</b>	<b>0</b>	<b>6,293</b>	<b>0</b>	<b>0</b>	<b>316,318</b>
<b>HOUSING AND COMMUNITY DEVELOPMENT</b>						
Certified Access Specialist	303		537			840
Community Discretionary	124,211		(16,091)	15,719		123,839
2003 CDBG Housing Loans	0		1,136		1,136	0
Economic Development	34,322		(7,462)			26,860
1992 CDBG Housing Loans	0		5,031		5,031	0
1997 CDBG Housing Loans	0		4,662		4,662	0
2000 CDBG Housing Loans	0		4,111		4,111	0
CDBG-Program Income	0		779		779	0
HOME Program Income	0		2,455			2,455
<b>TOTAL HOUSING AND COMMUNITY DEV.</b>	<b>158,836</b>	<b>0</b>	<b>(4,842)</b>	<b>15,719</b>	<b>15,719</b>	<b>153,994</b>
<b>RECREATION</b>						
Recreation Reimbursable	14,372		5,460			19,832
Recreation Cultural	1,131		12			1,143
<b>TOTAL RECREATION</b>	<b>15,503</b>	<b>0</b>	<b>5,472</b>	<b>0</b>	<b>0</b>	<b>20,975</b>

**CITY OF WILLOWS  
SCHEDULE OF CHANGES IN INDIVIDUAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>FUND</b>	<b>NET POSITION July 1, 2016</b>	<b>PRIOR PERIOD ADJUSTMENT</b>	<b>NET RECEIPTS (EXPENDITURES)</b>	<b>TRANSFERS IN</b>	<b>TRANSFERS OUT</b>	<b>NET POSITION June 30, 2017</b>
<b>LIBRARY</b>						
County Library	23,826		6,874			30,700
Northnet-Training Funding	1,892		1,000			2,892
CLSA-Delivery Funding	5,360		(1,474)			3,886
Literacy Passthrough	0					0
Library-Development Impact	93,278		978			94,256
<b>TOTAL LIBRARY</b>	<b>124,356</b>	<b>0</b>	<b>7,378</b>	<b>0</b>	<b>0</b>	<b>131,734</b>
<b>PUBLIC SAFETY</b>						
Asset Forfeiture	1		(1)			0
Fire-Development Impact	134,714		(15,073)			119,641
Fire Activity	31		(31)			0
Police Development Impact	23,196		458			23,654
SLESF	6,000		6,000			12,000
CHRP-Hiring Grant	0		0			0
OJP- BVP Program	0		0			0
<b>TOTAL PUBLIC SAFETY</b>	<b>163,942</b>	<b>0</b>	<b>(8,647)</b>	<b>0</b>	<b>0</b>	<b>155,295</b>
<b>FIDUCIARY FUNDS</b>						
Non-Expendible Trust Funds	114,821		1,203			116,024
Agency Funds	216,938		6,098			223,036
<b>TOTAL FIDUCIARY FUNDS</b>	<b>331,759</b>	<b>0</b>	<b>7,301</b>	<b>0</b>	<b>0</b>	<b>339,060</b>
<b>ENTERPRISE FUNDS</b>						
Sewer Enterprise	5,271,659		(206,285)		77,234	4,988,140
Water Enterprise	102,060		(5,818)			96,242
<b>TOTAL ENTERPRISE FUNDS</b>	<b>5,373,719</b>	<b>0</b>	<b>(212,103)</b>	<b>0</b>	<b>77,234</b>	<b>5,084,382</b>
<b>TOTALS</b>	<b>8,633,331</b>	<b>0</b>	<b>(290,960)</b>	<b>92,953</b>	<b>92,953</b>	<b>8,342,371</b>