

CITY OF WILLOWS
California

Annual Financial Report
June 30, 2020

CITY OF WILLOWS

Table of Contents

INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)	
Required Supplementary Information, as prepared by management	4-11
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS	
Governmental Funds:	
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenue, Expenditures, and Change in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds:	
Statement of Net Position	18
Statement of Revenue, Expenses, and Change in Net Position	19
Statement of Cash Flows	20
AGENCY FUNDS	
Statement of Fiduciary Assets and Liabilities	21
NOTES TO FINANCIAL STATEMENTS	22-48
REQUIRED SUPPLEMENTARY INFORMATION (unaudited)	
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan	49-50
Other Postemployment Benefits (OPEB) Plan	51
Budgetary Comparison Information and Schedules	52-53
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds Financial Statements:	
Combining Balance Sheet	54-57
Combining Statement of Revenue, Expenditures, and Change in Fund Balances	58-61
SINGLE AUDIT	APPENDIX A

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that (1) management's discussion and analysis, (2) pension plan liability and contributions schedules, (3) other postemployment benefits plan total liability, net position, and net liability schedules, and (4) the respective budgetary comparison information of the major funds, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Willows' basic financial statements. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining nonmajor funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2021 on our consideration of the internal control over financial reporting and on our tests of 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 our 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

Marcello & Company

Certified Public Accountants
Granite Bay, California
March 8, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

***As Prepared by Management
(unaudited)***

City of Willows
Management's Discussion and Analysis
June 30, 2020

This discussion and analysis of the City's financial activities and performance provides an overview for the fiscal year ended June 30, 2020. Please read this in conjunction with the City's financial statements, which follows this discussion and analysis.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: Government-wide Financial Statements, Fund Financial Statements, and Notes to the Financial Statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The Government-wide Financial Statements consist of the Statement of Net Position, and the Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. They provide information about the activities of the City as a whole and present a longer-term view of the City's finances.

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenue and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenue related to uncollected taxes or interest expense incurred but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into three categories: Governmental Funds, Proprietary Funds, and Trust and Agency Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on both short-term inflows and outflows of spendable resources and the remaining year-end balances available for spending. This information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for

City of Willows
Management's Discussion and Analysis
June 30, 2020

governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenue, expenditures, and changes in fund balances provide a reconciliation to assist the reader with this comparison between governmental funds and governmental activities.

The City maintains 24 individual governmental funds. In the governmental funds balance sheet, and the statement of revenue, expenditures, and change in fund balances, information is presented separately for the General Fund, the CDBG OTC Fund, the EPA Grant Fund, and the CDBG HOME Grant fund which are the major governmental funds this year, as well as 19 non-major governmental funds.

The General Fund is the primary operating fund of the City. It is used to account for governmental funds that are not classified as special revenue, capital project or debt service funds, and includes the following funds:

- General Fund
- Working Reserve Fund
- Capital Improvement Fund

Special Revenue Funds generally account for revenue derived from specific sources. These funds are required by statute or ordinance to finance particular functions or activities of the government or are restricted as to their use, and include the following funds:

- Street Funds
- Cert. Access Fund
- Lighting and Landscape District Funds
- COVID 19 Fund
- Recreation Funds
- USDA Biomass Fund
- Basin Street Fund
- USDA Feasibility Fund
- Community Discretionary Fund
- Mall Maintenance Fund
- Housing and Economic Development Funds
- Library Funds
- SB-2 Grant Fund
- USDA Fire Engine Acquisition Fund
- Northnet Training Fund
- Development Impact Fee Funds
- Storm Drainage Fund
- I-5 Interchange Fund
- CA Recycling Fund
- SLESF Fund

City of Willows
Management's Discussion and Analysis
June 30, 2020

Proprietary Funds

Services for which the City charges customers a fee are generally reported in proprietary funds. The City maintains two different types of proprietary funds, both of which are business-type enterprise funds. The business-type enterprise funds are the Sewer Fund and the Water Fund.

Trust and Agency Funds

Trust and Agency funds are used to account for assets held for the benefit of several individuals and entities.

Notes to the Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in addition to this discussion and analysis concerning the City's budgetary to actual comparison schedules, its schedule of funding progress for the other postemployment benefits plan, and its cost-sharing multiple-employer defined benefit pension plan schedule which is administered by CalPERS as trustee for the plan. This report presents combining nonmajor fund financial statements, which follow the required supplementary information section.

FINANCIAL HIGHLIGHTS

Government-wide Financial Statement Highlights

- The Government-wide statement of net position, appearing as the first statement of the basic financial statements and summarized in Management's Discussion and Analysis, reports the City's total assets and deferred outflows of \$29,833,168, total liabilities and deferred inflows of \$18,228,300, and net position of \$11,604,868. The Business-type Activities is included in this total and accounts for \$3,644,707 of the City's net position. The net position for governmental activities is \$7,960,161.
- The total net position increased by \$1,740,215 as compared to the previous year. Of this total, governmental activities accounted for \$2,179,703 of the increase and the Business-type Activities accounted for a decrease of \$439,488.
- The City's capital assets totaled \$21,845,325 net of depreciation. This includes Business-type Activities net capital assets of \$9,644,655.
- The City's long-term debt and obligations, including deferred revenues and the net pension liability, totaled \$15,254,409 as of June 30, 2020, an increase of \$2,426,293 as

City of Willows
Management's Discussion and Analysis
June 30, 2020

compared to the previous year. The City's governmental net OPEB plan obligations and deferrals increased by \$488,892 and the net pension obligation increased by \$93,115.

Fund Financial Statement Highlights

- At the close of fiscal year 2020, the City's governmental funds reported a combined ending fund balance of \$7,960,161 as compared to \$5,780,458 at June 30, 2019; an increase of \$2,179,703. The funds comprising the General Fund reported a \$182,863 decrease.
- Capital project expenditures from the General Fund and Special Revenue Funds totaled \$5,741,521.

Government-wide Financial Statement Analysis

A condensed presentation of the Statement of Net Position is presented in the following table comparing last fiscal year to the most recently completed fiscal year. This includes both the Business-type funds and Governmental funds.

Statement of Net Position
Comparison of FY 2020 and FY 2019

	June 30		Increase (Decrease)	Percent Change
	2020	2019		
Assets				
Current and other assets	\$ 5,505,947	\$ 4,460,197	\$ 1,045,750	23.4%
Capital assets, net	12,200,670	8,377,321	3,823,349	45.6%
Total assets	17,706,617	12,837,518	4,869,099	37.9%
Deferred outflows	1,499,862	1,592,113	(92,251)	-5.8%
Totals	19,206,479	14,429,631	4,776,848	33.1%
Liabilities				
Current and other liabilities	2,294,947	1,441,370	853,577	59.2%
Noncurrent liabilities	8,462,476	6,807,910	1,654,566	24.3%
Total liabilities	10,757,423	8,249,280	2,508,143	30.4%
Deferred inflows	488,892	399,893	88,999	22.3%
Totals	11,246,315	8,649,173	2,597,142	30.0%
Net Position				
Net investment capital assets	11,951,671	8,377,321	3,298,962	39.4%
Restricted	2,456,283	1,813,526	511,719	28.2%
Unrestricted	(6,447,793)	(4,410,389)	(2,070,467)	46.9%
Total net position	\$ 7,960,161	\$ 5,780,458	\$ 1,740,214	30.1%

**City of Willows
Management's Discussion and Analysis
June 30, 2020**

Net position of \$ 11,604,868 at June 30, 2020 increased by \$1,740,215 as compared to the prior fiscal year due to the following:

- Cash and investments decreased \$6,715, and capital assets net of depreciation increased by \$3,984,522 as compared to the previous fiscal year, largely due to work done on capital projects.
- Receivables increased by \$696,506, largely due to increases in grants receivable.
- Noncurrent liabilities increased by \$1,637,991, largely due to the acquisition of a fire engine and the increase in net pension liabilities.
- Noncurrent liabilities of \$15,254,409 include the unfunded net pension liability, the noncurrent portion of long-term debt, and the postemployment benefits plan obligation.

A condensed presentation of the Statement of Activities is presented in the following table comparing last fiscal year to the most recently completed fiscal year.

**Statement of Activities
Comparison of FY 2020 and FY 2019**

	June 30		Increase (Decrease)	Percent Change
	2020	2019		
Governmental Activities				
Program Revenue:				
Charges for services	\$ 166,782	\$ 29,938	\$ 136,844	457.1%
Operating grants	761,382	582,629	178,753	30.7%
Capital grants	4,030,734	2,814,870	1,215,864	43.2%
subtotals	4,958,898	3,427,437	1,531,461	44.7%
General Revenue	4,274,312	4,255,555	18,757	0.4%
total revenue	9,233,210	7,682,992	1,550,218	20.2%
Total Expenses	(7,053,507)	(4,963,601)	(2,089,906)	42.1%
Transfers in (out)	-	77,234	(77,234)	-100.0%
Change in Net Position	2,179,703	2,796,625	(616,922)	-22.1%
Net Position - beginning	5,780,458	2,983,833	2,796,625	93.7%
Net Position - end of year	\$ 7,960,161	\$ 5,780,458	\$ 2,179,703	37.7%

**City of Willows
Management's Discussion and Analysis
June 30, 2020**

**Statement of Activities
Comparison of FY 2020 and FY 2019**

	June 30		Increase (Decrease)	Percent Change
	2020	2019		
Business-type Activities				
Program Revenue:				
Charges for services	\$ 1,457,298	\$ 1,598,766	\$ (141,468)	-8.8%
Operating grants	-	-	-	
Capital grants	-	-	-	
subtotals	1,457,298	1,598,766	(141,468)	-8.8%
General Revenue	61,682	14,391	47,291	328.6%
total revenue	1,518,980	1,613,157	(94,177)	-5.8%
 Total Expenses	(1,958,468)	(1,957,558)	(910)	0.0%
Transfers in (out)	-	(77,234)	77,234	-100.0%
 Change in Net Position	(439,488)	(421,635)	(17,853)	4.2%
Net Position - beginning	4,084,195	4,505,831	(421,636)	-9.4%
Net Position - end of year	\$ 3,644,707	\$ 4,084,196	\$ (439,489)	-10.8%

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

General Fund

Funds that comprise the General Fund, as presented in the financial statements include (1) the primary general operating fund, (2) the working reserve fund, and (3) the capital improvement fund. The combined General Fund's ending fund balance decreased by \$182,863. The ending fund balance of the "combined" General Fund is \$1,111,438.

Special Revenue Funds

The Special Revenue Funds are primarily used for maintenance and capital improvements to streets, roads, parks and other City infrastructure. They also report grant activity and other non-discretionary functions. The ending fund balances of these funds decreased by \$105,913 largely due to planned infrastructure projects and grant activity. The total ending balance of these funds is \$1,712,614.

**City of Willows
Management's Discussion and Analysis
June 30, 2020**

Enterprise Fund

The sewer funds are reported as a business enterprise fund of the City. As of June 30, 2020, the fund's net position decreased by \$436,513 to \$3,559,081. The decrease in net position resulted primarily from a decrease in revenue.

ECONOMIC OUTLOOK AND BUDGET FOR FISCAL YEAR 2020-21

Revenue

The City's largest General Fund revenue sources are sales tax (34%), property tax (20%), and transient occupant tax "TOT" (18%) which together account for 72% of the City's General Fund revenue.

The City's annual budget, as revised in July 2020, includes a 30% reduction in sales tax revenue due to the COVID 19 emergency which has resulted in several businesses in City being closed or being able to offer only limited services. However, sales tax revenue received for the quarter ending September 30, 2020 was virtually the same as the amount received in the previous year at this time. The local sales tax *override* revenue decreased by \$243,067, or 25%, as compared to the previous year at this time.

Transient Occupancy Tax, also known as "hotel tax" decreased \$98,955 as the COVID 19 pandemic resulted in drastic reductions to the travel and hospitality sector.

Expenditures

Employee-related expenses, including the Police Services contract payments, make up 73% of the City's general fund expenditures. In 2019-20, City employees received a 2% to 3% increase in their salary schedules, depending upon their bargaining groups. The overall increase to operating fund salaries for 2020-21 is estimated at approximately 4%. The overall increase provides an increase to both salary schedules and scheduled step increases. The budget for 2019-20 police service contract was fixed, with no increase scheduled for 2020-21.

On January 1, 2013, the California Public Employees Pension Reform Act of 2013 (PEPRA) went into effect. The Pension Reform Bill impacts new public employees and establishes a cap on the amount of compensation that can be used to calculate a retirement benefit. It also increases the age at which an employee is eligible for service credit retirement. In 2019-20, approximately half of the City's employees were enrolled in the PEPRA plan. PEPRA plan employees pay at least half their share of the normal retirement pension costs.

Normal retirement pension costs, the annual cost of service accrual for the upcoming year for active employees, is expected to increase by approximately \$51,157. This is the result of increased salary costs, and the discount rate increase. The City pays no portion of the CalPERS retirement plan employee contribution. "Classic Employees," those enrolled in CalPERS or a reciprocal plan prior to January 1, 2013 without a significant break in service, pay 8% of salary as employee contributions, plus an additional 5.5% or 4.5% (depending on bargaining group) toward the employer contribution.

City of Willows
Management's Discussion and Analysis
June 30, 2020

In May 2014, the CalPERS Board adopted changes to the existing risk pooling structure policies and a new policy for allocating the pools' unfunded accrued liability. Due to unintended consequences resulting from the PEPRA changes and existing PERS policies on risk pools, changes were necessary to ensure the proper funding of the risk pools. In order to address the problem, CalPERS combined twelve risk pools into two, one for Safety Employees and one for Miscellaneous Employees, and employer contributions toward the unfunded liability for plans in a risk pool will be collected for the foreseeable future as dollar amounts instead of contribution rates expressed as a percentage of payroll. The City has experienced significant increases in required CalPERS contributions for unfunded liabilities due to CalPERS lowering the discount rate from 7.5% to 7%, and to changing the amortization schedule for unfunded liability payments from 30 years to 20 years.

This financial report is designed to provide our citizens, taxpayers, creditors and government regulators with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Below is the contact address for questions about this report or requests for additional financial information.

City of Willows
Wayne Peabody, Interim City Manager
201 North Lassen Street
Willows, California 95988

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WILLOWS
Government-wide Financial Statements
Statement of Net Position
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets			
Cash and investments	\$ 2,303,073	\$ 779,254	\$ 3,082,327
Receivables	2,904,473	41,631	2,946,104
Prepaid expenses	4,725	-	4,725
Total current assets	<u>5,212,271</u>	<u>820,885</u>	<u>6,033,156</u>
Noncurrent Assets			
Notes receivable	293,676	-	293,676
Capital assets not being depreciated	5,943,855	262,686	6,206,541
Capital assets, net of depreciation	6,256,815	9,381,969	15,638,784
Total noncurrent assets	<u>12,494,346</u>	<u>9,644,655</u>	<u>22,139,001</u>
Total assets	<u>17,706,617</u>	<u>10,465,540</u>	<u>28,172,157</u>
Deferred Outflows of Resources			
Deferred pension outflows	1,499,862	161,149	1,661,011
Total assets and deferred outflows of resources	<u>19,206,479</u>	<u>10,626,689</u>	<u>29,833,168</u>
LIABILITIES			
Current Liabilities			
Payables	2,291,895	98,297	2,390,192
Accrued interest	3,052	-	3,052
Total current liabilities	<u>2,294,947</u>	<u>98,297</u>	<u>2,393,244</u>
Noncurrent liabilities			
Due within one year	290,019	122,342	412,361
Due in more than one year	8,172,460	6,669,588	14,842,048
Total noncurrent liabilities	<u>8,462,479</u>	<u>6,791,930</u>	<u>15,254,409</u>
Total liabilities	<u>10,757,426</u>	<u>6,890,227</u>	<u>17,647,653</u>
Deferred Inflows of Resources			
Deferred pension inflows	488,892	91,755	580,647
Total liabilities and deferred inflows of resources	<u>11,246,318</u>	<u>6,981,982</u>	<u>18,228,300</u>
Net Position			
Net investment in capital assets	11,951,671	3,677,770	15,629,441
Restricted	2,456,283	-	2,456,283
Unrestricted	(6,447,793)	(33,063)	(6,480,856)
Total net position	<u>\$ 7,960,161</u>	<u>\$ 3,644,707</u>	<u>\$ 11,604,868</u>

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

CITY OF WILLOWS
Government-wide Financial Statements
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government/personnel	\$ 1,680,905	\$ 108,064	\$ -	\$ -	\$ (1,572,841)		\$ (1,572,841)
Office	69,246	-	-	-	(69,246)		(69,246)
Utilities	141,676	-	-	-	(141,676)		(141,676)
Public works/streets	154,803	14,717	605,434	-	465,348		465,348
Professional services	319,550	-	-	-	(319,550)		(319,550)
Contract services	161,795	-	-	-	(161,795)		(161,795)
Public Safety	2,237,201	44,001	155,948	295,777	(1,741,475)		(1,741,475)
Insurance	101,801	-	-	-	(101,801)		(101,801)
Other expenses	126,232	-	-	-	(126,232)		(126,232)
Interest expense	8,634	-	-	-	(8,634)		(8,634)
Depreciation	244,228	-	-	-	(244,228)		(244,228)
Capital projects	1,807,436	-	-	3,734,957	1,927,521		1,927,521
Total governmental activities	<u>7,053,507</u>	<u>166,782</u>	<u>761,382</u>	<u>4,030,734</u>	<u>(2,094,609)</u>		<u>(2,094,609)</u>
Business-type Activities							
Sewer utilities	1,948,226	1,450,166	-	-		\$ (498,060)	(498,060)
Water utilities	10,242	7,132	-	-		(3,110)	(3,110)
Total business-type activities	<u>1,958,468</u>	<u>1,457,298</u>	<u>-</u>	<u>-</u>		<u>(501,170)</u>	<u>(501,170)</u>
Total primary government	<u>\$ 9,011,975</u>	<u>\$ 1,624,080</u>	<u>\$ 761,382</u>	<u>\$ 4,030,734</u>	<u>(2,094,609)</u>	<u>(501,170)</u>	<u>(2,595,779)</u>
				General Revenue			
				Transient occupancy	762,924	-	762,924
				Property tax	861,112	-	861,112
				Sales tax	1,432,962	-	1,432,962
				Franchise fees	205,248	-	205,248
				MVL fees	620,287	-	620,287
				Transfer tax	18,945	-	18,945
				Licenses & permits	100,128	-	100,128
				Fines & forfeitures	16,879	-	16,879
				Investment earnings	93,918	13,660	107,578
				Other revenue	161,909	48,022	209,931
				Totals	<u>4,274,312</u>	<u>61,682</u>	<u>4,335,994</u>
				Change in Net Position	2,179,703	(439,488)	1,740,215
				Net Position - beginning	5,780,458	4,084,195	9,864,653
				Net Position - end of year	<u>\$ 7,960,161</u>	<u>\$ 3,644,707</u>	<u>\$ 11,604,868</u>

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

FUND FINANCIAL STATEMENTS

CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	CDBG OTC Fund	EDA Grant Fund	CDBG HOME Grant	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 1,013,518	\$ (250,000)	\$ (389,750)	\$ -	\$ 1,929,305	\$ 2,303,073
Receivables	246,369	807,500	-	1,807,436	43,168	2,904,473
Notes receivable	-	-	-	-	293,676	293,676
Prepaid expenses	4,725	-	-	-	-	4,725
Total assets	<u>\$ 1,264,612</u>	<u>\$ 557,500</u>	<u>\$ (389,750)</u>	<u>\$ 1,807,436</u>	<u>\$ 2,266,149</u>	<u>\$ 5,505,947</u>
Liabilities						
Payables	\$ 55,986	\$ 45,625	\$ 263,257	\$ 1,807,436	\$ 118,727	\$ 2,291,031
Accrued expenses	97,188	-	-	-	-	97,188
Deferred revenue	-	-	-	-	293,676	293,676
Total liabilities	<u>153,174</u>	<u>45,625</u>	<u>263,257</u>	<u>1,807,436</u>	<u>412,403</u>	<u>2,681,895</u>
Fund Balances						
Nonspendable	4,725	-	-	-	-	4,725
Restricted	-	511,875	-	-	1,944,408	2,456,283
Committed	205,000	-	-	-	-	205,000
Assigned	-	-	-	-	-	-
Unassigned	901,713	-	(653,007)	-	(90,662)	158,044
Total fund balances	<u>1,111,438</u>	<u>511,875</u>	<u>(653,007)</u>	<u>-</u>	<u>1,853,746</u>	<u>2,824,052</u>
Total liabilities and fund balances	<u>\$ 1,264,612</u>	<u>\$ 557,500</u>	<u>\$ (389,750)</u>	<u>\$ 1,807,436</u>	<u>\$ 2,266,149</u>	<u>\$ 5,505,947</u>

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

CITY OF WILLOWS

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020**

Total fund balances of governmental funds \$ 2,824,052

Amounts reported in the governmental activities column in the statement of net position are different because of the following:

(1) Capital assets, acquisitions, construction-in-progress, and depreciation used in governmental activities are not financial resources and therefore, are not reported in the funds balance sheet.	13,278,760
(2) Deferred revenue related to long-term notes receivable is not recognized in the governmental funds financial statements until collected, but is recognized in the government-wide financial statements the year incurred.	293,676
(3) Long-term debt and obligations are not due and payable in the current period and therefore, are not reported in the governmental funds balance sheet: Debt, obligations, and accrued interest	(8,465,531)
(5) Deferred outflows of resources are not recognized as expenditures in the governmental funds financial statements but are recognized in the government-wide financial statements.	1,498,998
(6) Deferred inflows of resources are not recognized as revenue in the governmental funds financial statements but are recognized in the government-wide financial statements.	(488,892)
(7) Proceeds from long-term financing are not reported as revenue, but rather as a liability in the Statement of Net Position	<u>(980,902)</u>
Net Position of governmental activities	<u><u>\$ 7,960,161</u></u>

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

CITY OF WILLOWS
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	CDBG OTC Fund	EDA Grant Fund	CDBG HOME Grant	Other Governmental Funds	Total Governmental Funds
Revenue						
Property tax	\$ 861,112	\$ -	\$ -	\$ -	\$ -	\$ 861,112
Intergovernmental	-	469,675	1,457,846	1,807,436	1,057,159	4,792,116
Franchise fees	205,248	-	-	-	-	205,248
Sales tax	1,432,962	-	-	-	-	1,432,962
Transit occupancy tax	762,924	-	-	-	-	762,924
Motor vehicle license fees	620,287	-	-	-	-	620,287
Licenses and permits	100,128	-	-	-	-	100,128
Transfer tax	18,945	-	-	-	-	18,945
Fines and forfeitures	16,879	-	-	-	-	16,879
Charge for services	108,698	-	-	-	58,084	166,782
Use of money and property	55,371	-	-	-	38,547	93,918
Other revenue	49,277	-	-	-	-	49,277
Total revenue	<u>4,231,831</u>	<u>469,675</u>	<u>1,457,846</u>	<u>1,807,436</u>	<u>1,153,790</u>	<u>9,120,578</u>
Expenditures						
Current -						
Personnel	1,964,031	-	-	-	87,685	2,051,716
Office	67,472	-	-	-	1,774	69,246
Utilities	133,564	-	-	-	8,112	141,676
Public works	98,577	-	-	-	56,226	154,803
Professional services	238,625	-	-	-	80,925	319,550
Contract services	161,795	-	-	-	-	161,795
Police contract	1,253,991	-	-	-	155,948	1,409,939
Insurance	101,801	-	-	-	-	101,801
Other expenditures	27,257	-	-	-	210,952	238,209
Capital expenditures	<u>260,604</u>	<u>558,019</u>	<u>2,110,853</u>	<u>1,807,436</u>	<u>1,004,609</u>	<u>5,741,521</u>
Total expenditures	<u>4,307,717</u>	<u>558,019</u>	<u>2,110,853</u>	<u>1,807,436</u>	<u>1,606,231</u>	<u>10,390,256</u>
Excess Revenue over (under)						
Expenditures	<u>(75,886)</u>	<u>(88,344)</u>	<u>(653,007)</u>	<u>-</u>	<u>(452,441)</u>	<u>(1,269,678)</u>
Other Financing Sources (Uses)						
Transfers in	5,000	600,219	-	-	498,354	1,103,573
Transfers (out)	(111,977)	-	-	-	(991,596)	(1,103,573)
Proceeds from financing	-	-	-	-	980,902	980,902
Total other sources (uses)	<u>(106,977)</u>	<u>600,219</u>	<u>-</u>	<u>-</u>	<u>487,660</u>	<u>980,902</u>
Change in Fund Balances						
	(182,863)	511,875	(653,007)	-	35,219	(288,776)
Fund Balances - beginning	<u>1,294,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,818,527</u>	<u>3,112,828</u>
Fund Balances - end of year	<u>\$ 1,111,438</u>	<u>\$ 511,875</u>	<u>\$ (653,007)</u>	<u>\$ -</u>	<u>\$ 1,853,746</u>	<u>\$ 2,824,052</u>

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

CITY OF WILLOWS

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2020

Change in fund balances - governmental funds	\$ (288,776)
Amounts reported for governmental activities in the statement of activities are different because of the following:	
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current year.	3,823,348
(2) Proceeds from new long-term debt provide current resources in the funds financial statements but have no effect on net position in the government-wide financials.	(1,363,029)
(3) The repayment of the principal portion of long-term debt consumes the current financial resources of government funds. However, in the government-wide financials these transactions have no effect on net position.	
Principal portion of debt service payments	402,172
Accrued interest payable on long-term debt	(3,052)
(4) Certain deferred revenue and deferred expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as revenue or expenditures in governmental funds.	
Change in pension plan liabilities and deferrals	93,115
Change in OPEB plan liabilities and deferrals	488,892
Compensated absences increase (decrease) in expense	7,935
(5) Proceeds from long-term financing are not reported as revenue, but rather as a liability in the Statement of Net Position.	<u>(980,902)</u>
Change in net position of governmental activities	<u>\$ 2,179,703</u>

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

CITY OF WILLOWS
Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-type Activities				
	Sewer Maintenance	Sewer Construction	Total Sewer Funds	Water Fund	Total Enterprise Funds
Assets and Deferred Outflows					
Current assets:					
Cash and investments	\$ 496,873	\$ 275,531	\$ 772,404	\$ 6,850	\$ 779,254
Receivables	39,778	1,503	41,281	350	41,631
Total current assets	<u>536,651</u>	<u>277,034</u>	<u>813,685</u>	<u>7,200</u>	<u>820,885</u>
Noncurrent assets:					
Capital assets not being depreciated	-	262,686	262,686	-	262,686
Capital assets, net of depreciation	9,108,930	194,586	9,303,516	78,453	9,381,969
Total noncurrent assets	<u>9,108,930</u>	<u>457,272</u>	<u>9,566,202</u>	<u>78,453</u>	<u>9,644,655</u>
Total assets	<u>9,645,581</u>	<u>734,306</u>	<u>10,379,887</u>	<u>85,653</u>	<u>10,465,540</u>
Deferred outflows of resources:					
Deferred pension outflows	161,149	-	161,149	-	161,149
Total deferred outflows	<u>161,149</u>	<u>-</u>	<u>161,149</u>	<u>-</u>	<u>161,149</u>
Total assets and deferred outflows of resources	<u>9,806,730</u>	<u>734,306</u>	<u>10,541,036</u>	<u>85,653</u>	<u>10,626,689</u>
Liabilities and Deferred Inflows					
Current liabilities: Payables	78,122	20,148	98,270	27	98,297
Noncurrent liabilities:					
Due in one year	122,342	-	122,342	-	122,342
Due after one year	6,669,588	-	6,669,588	-	6,669,588
Total noncurrent liabilities	<u>6,791,930</u>	<u>-</u>	<u>6,791,930</u>	<u>-</u>	<u>6,791,930</u>
Total liabilities	<u>6,870,052</u>	<u>20,148</u>	<u>6,890,200</u>	<u>27</u>	<u>6,890,227</u>
Deferred inflows of resources:					
Deferred pension inflows	91,755	-	91,755	-	91,755
Total deferred inflows	<u>91,755</u>	<u>-</u>	<u>91,755</u>	<u>-</u>	<u>91,755</u>
Total liabilities and deferred inflows of resources	<u>6,961,807</u>	<u>20,148</u>	<u>6,981,955</u>	<u>27</u>	<u>6,981,982</u>
Net Position					
Net investment in capital assets	3,142,045	457,272	3,599,317	78,453	3,677,770
Unrestricted	(297,122)	256,886	(40,236)	7,173	(33,063)
Total net position	<u>\$ 2,844,923</u>	<u>\$ 714,158</u>	<u>\$ 3,559,081</u>	<u>\$ 85,626</u>	<u>\$ 3,644,707</u>

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

CITY OF WILLOWS
Proprietary Funds
Statement of Revenue, Expenses, and Change in Net Position
Year Ended June 30, 2020

	Business-type Activities				
	Sewer Maintenance	Sewer Construction	Total Sewer Funds	Water Fund	Total Enterprise Funds
Operating Revenue					
Charge for services	\$ 1,450,166	\$ -	\$ 1,450,166	\$ 7,132	\$ 1,457,298
Operating Expenses					
Personnel costs	397,039	-	397,039	3,948	400,987
Operations and maintenance	994,292	2,144	996,436	4,482	1,000,918
Depreciation	272,830	5,000	277,830	1,812	279,642
Total operating expenses	<u>1,664,161</u>	<u>7,144</u>	<u>1,671,305</u>	<u>10,242</u>	<u>1,681,547</u>
Operating Income (Loss)	<u>(213,995)</u>	<u>(7,144)</u>	<u>(221,139)</u>	<u>(3,110)</u>	<u>(224,249)</u>
Nonoperating Revenue (Expenses)					
Investment earnings	7,252	6,273	13,525	135	13,660
Interest expense	(237,771)	-	(237,771)	-	(237,771)
Connection fees	-	48,022	48,022	-	48,022
Other revenue (expenses)	(39,150)	-	(39,150)	-	(39,150)
Total nonoperating revenue (expenses)	<u>(269,669)</u>	<u>54,295</u>	<u>(215,374)</u>	<u>135</u>	<u>(215,239)</u>
Income before Transfers	(483,664)	47,151	(436,513)	(2,975)	(439,488)
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Change in Net Position	(483,664)	47,151	(436,513)	(2,975)	(439,488)
Net position - beginning	3,328,587	667,007	3,995,594	88,601	4,084,195
Net position - end of year	<u>\$ 2,844,923</u>	<u>\$ 714,158</u>	<u>\$ 3,559,081</u>	<u>\$ 85,626</u>	<u>\$ 3,644,707</u>

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

CITY OF WILLOWS
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2020

CASH FLOWS PROVIDED BY (USED FOR)	Business-type Activities		
	Sewer Fund	Water Fund	Total Enterprise Funds
Operating Activities			
Receipts from customers	\$ 1,579,771	\$ 6,826	\$ 1,586,597
Payments paid for personnel costs	(297,508)	(3,948)	(301,456)
Payments for operations and maintenance	(1,026,397)	(5,706)	(1,032,103)
Net cash provided (used)	<u>255,866</u>	<u>(2,828)</u>	<u>253,038</u>
Capital & Related Financing Activities			
Connection fee revenue	48,022	-	48,022
Purchase of capital assets	(114,000)	-	(114,000)
Principal paid on capital debt	(142,912)	-	(142,912)
Interest expense	(237,771)	-	(237,771)
Net cash provided (used)	<u>(446,661)</u>	<u>-</u>	<u>(446,661)</u>
Investing Activities			
Investment earnings	13,525	-	13,525
Other cash received (expenses)	(39,150)	-	(39,150)
Net cash provided (used)	<u>(25,625)</u>	<u>-</u>	<u>(25,625)</u>
Net Increase (Decrease) in Cash	(229,945)	(2,828)	(232,773)
Cash and cash equivalents - beginning	1,002,349	9,678	1,012,027
Cash and cash equivalents - end of year	<u>\$ 772,404</u>	<u>\$ 6,850</u>	<u>\$ 779,254</u>
Operating Activities Analysis			
Operating Income (Loss)	\$ (221,139)	\$ (3,110)	\$ (224,249)
Reconciliation adjustments:			
Add Depreciation, a noncash expense	227,830	1,812	229,642
(Increase) decrease in receivables	129,605	144	129,749
Increase (decrease) in payables & accruals	(29,961)	(1,674)	(31,635)
Net change in pension & OPEB balances	149,531	-	149,531
Net cash provided (used)	<u>\$ 255,866</u>	<u>\$ (2,828)</u>	<u>\$ 253,038</u>

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

CITY OF WILLOWS
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2020

Assets

Cash and investments	\$	286,776
Accounts receivables		812
Total assets	\$	<u>287,588</u>

Liabilities

Accounts payable	\$	12,724
Assets held as agency for others		274,864
Total liabilities	\$	<u>287,588</u>

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

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the City as follows:

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Significant Accounting Policies
- Note 3 - Stewardship, Compliance, and Accountability
- Note 4 - Cash and Investments
- Note 5 - Receivables
- Note 6 - Commitments and Contingencies
- Note 7 - Capital Assets
- Note 8 - Payables
- Note 9 - Long-term Obligations
- Note 10 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 11 - Other Postemployment Benefits Plan (OPEB)
- Note 12 - Interfund Transfers
- Note 13 - Subsequent Events
- Note 14 - Future Accounting Pronouncements
- Note 15 - Fund Balance Designations Section of the Balance Sheet

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Note 1 - Defining the Financial Reporting Entity

The City of Willows (the City) was incorporated under the laws of the State of California. The City operates under a Council-Manager form of government. The City provides a full range of municipal services to its citizens including a public library, public safety, public works, planning and building regulation, recreation and parks, sewer and water services.

Note 2 - Significant Accounting Policies

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described as follows:

Financial Statements

The City's basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, 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 and indirect expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (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 included among program revenue are reported instead as general revenue. Expenses reported for functional activities include allocated indirect expenses.

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

Fund Accounting

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenue, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories.

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

A fund is considered major if it is the primary operation fund of the City, or the government has determined that a fund is important to the financial statement user, or it meets the following criteria:

- Total assets, liabilities, revenue, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- Total assets, liabilities, revenue, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.
- The government has determined that a fund is important to the financial statement user.

The funds of the City are organized as follows:

Governmental Fund Types

Governmental funds are the funds through which most general government functions typically are financed. The City maintains the following fund types:

- *The General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* are used to account for the proceeds of specific revenue resources (other than major capital projects) that are legally restricted to expenditures for specified purposes.
- *Debt Service Funds* are used to account for the accumulation of resources for, and the repayment of general long-term debt obligation payments for principal, interest and related costs.
- *Capital Projects Funds* are used to account for financial resources to be used for the acquisition, improvements or construction of streets, infrastructure and major capital facilities.
- *Proprietary Fund Types* are used to account for activities that are similar to those found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The City's uses the following proprietary fund type:

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The water and sewer utilities are reported as enterprise funds.

- *Fiduciary and Agency Funds* are used to account for assets administered by the City in a trustee capacity or as an agent for other governments, primarily special assessment districts. Agency Funds are custodial in nature (assets and liabilities), and do not involve measurement of results of operations.

The following are the City's major funds this year:

- *General Fund* - this fund is used to account for the general operations of the City and all financial resources except those required to be accounted for in another fund.
- *Community Development Block Grant (CDBG) OTC Fund* - this fund is used to account for the grant

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

funds that are applied to the Rumiano Cheese project for infrastructure improvements necessary to complete site preparations to accommodate a new packaging facility and a direct business loan.

- *Economic Development Administration (EDA) Grant fund* - this fund is used to account for federal funding assistance to fund the construction of a roadway and utilities infrastructure to support access to and utilization of a commercial center.
- *Community Development Block Grant (CDBG) HOME Grant* - this fund is used to account for federal funding loan assistance to partially fund construction of a new low-income housing apartment building.

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied. The government-wide statement of net position and the statement of activities, and both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The proprietary fund utilizes an “economic resources” measurement focus. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position, and in the statement of activities, both governmental and business-like activities are presented using the “accrual basis of accounting.” Under the accrual basis of accounting, revenue is recognized when earned, and expenses are recorded when the liability is incurred and the amount of obligation is ascertainable. Revenue, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the “modified accrual basis of accounting.” Under this modified accrual basis of accounting, revenue is recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenue which is susceptible to accrual includes property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, penalties, charges for services, and miscellaneous revenue are recorded as governmental fund type revenue when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant revenue, which is normally reimbursements of expenses under contractual agreements, is recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt in the governmental funds, which is recognized when due.

Proprietary funds use the “accrual basis of accounting” which records the financial effect on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only when cash is received or paid by the enterprise.

Budgetary Data

General Budget Policies: the City maintains budgetary controls of which the objective is to ensure compliance with legal provisions embodied in the annual budget approval by the City Council. Budgetary control for operations is maintained at the department level by individual funds. Budgetary control for capital improvement projects (i.e., project-length financial plans) is maintained at the individual project level by fund. The City’s budgeted expenditure authority lapses at the end of each fiscal year. However, outstanding purchase order commitments or capital improvement projects may be re-appropriated for the subsequent fiscal year upon City Council approval.

Budget Basis of Accounting: budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA. The Budgetary Comparison Schedule of the major funds present comparisons of legally adopted budget amounts (both the original budget and final budget), and actual amounts, on the budgetary basis. The budgeting basis is substantially equivalent to the City's accounting basis; thus no reconciliation between the two is considered necessary.

Other Accounting Policies

Cash and Investments

Cash and investments held in the City’s investment pool are reported as cash and investments since “funds” can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments either: (1) with a maturity of three months or less when purchased to be cash equivalents or (2) collected within sixty days of the fiscal year end. Cash and cash equivalents are reported under the caption “cash and investments” on the statement of net position and balance sheet.

Receivables and Payables

Property, sales, use, utility users, transient occupancy, and gasoline taxes related to the current fiscal year are accrued as revenue and accounts receivable, and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The City considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur.

Balances representing lending/borrowing transactions between funds outstanding at fiscal year end are reported as internal loans and consist of either (1) “due to/from other funds” [amounts due within one year], (2) “advances to/from other funds” [non-current portions of interfund lending/borrowing

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

transactions], or (3) “loans to/from other funds” [long-term lending/borrowing transactions as evidenced by loan agreements].

Grants, entitlements or shared revenue are recorded as receivables and revenue in the general and special revenue funds when they are received or susceptible to accrual.

Allowance for Uncollectible Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Prepaid Expenses

The purchase of materials and supplies in the water and sewer enterprise funds that have not been consumed as of year-end are recorded as prepaid expenses, and are charged to expenses when consumed.

Notes Receivable - Community Development Loans

The majority of these loans consist of deferred repayment loans under the City’s housing and economic development programs. These programs were funded from government grant awards to the City, which were reported as grant revenue in the year received, and expenditures in the year the loans were made. A deferred loan is required to be repaid in full when the secured property is sold or transferred. Prior to the sale or transfer, loan payments are generally not required. Principal and interest payments which are receivable at year end are offset by an equal amount of deferred revenue. Such payments are recognized as program revenue when received.

Capital Assets

Capital assets used in governmental fund type operations are accounted for on the statement of net position at cost. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, such as roads, sidewalks and bridges are capitalized prospectively starting July 1, 2003. City policy has set the capitalization threshold for reporting capital assets at \$500. Capital outlay is recorded as *expenditures* of the general and special revenue funds, and as *capital assets* in the government-wide financial statements to the extent the City’s capitalization threshold is met. Donated assets are recorded at estimated fair value at the date of donation.

Property, plant and equipment acquired for proprietary funds are capitalized in the respective fund to which it applies and are stated at their historic cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets which range from 5 to 50 years for equipment, buildings, improvements, and infrastructure. Land, art and treasurers, are not considered exhaustible, therefore are not being depreciated.

Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenue arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenue also arises when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The City's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions or social security and medicare taxes have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. The City accrues a liability for compensated absences which meet the following criteria:

- The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
- The obligation relates to rights that vest or accumulate.
- Payment of the compensation is probable.
- The amount can be reasonably estimated.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable column on the statement of net position. For the most part, 75% of compensated absences are generally considered due after one year.

Net Position and Fund Balances

In the Statement of Net Position, the City's net position is classified in the following categories:

- *Net investment in capital assets* - represents the City's total investment in capital assets reduced by any outstanding debt used to acquire those assets.
- *Restricted net position* - includes resources that the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- *Unrestricted net position* - represents resources derived from sources without spending restrictions, are used for transactions relating the general operations of the City, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

Fund Balance designations are classified on the governmental funds balance sheet as follows:

- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b), not in spendable form such as long-term notes and accrued interest receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the City Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

a formal action or policy of the City Council or its appointed official.

- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Other Postemployment Benefits Plan (OPEB)

In government-wide financial statements, as required by GASB Statement No. 75, OPEB plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The City recognizes a net OPEB liability, which represents the excess of the total OPEB liability over the fiduciary net position (*plan assets owned*) as reflected in the actuarial report provided by the plan actuarial analyst. The net OPEB liability is measured as of the City's prior fiscal year-end. Changes in the net OPEB liability are recorded, in the period incurred, as OPEB expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net OPEB liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective OPEB plan and are recorded as a component of OPEB expense beginning with the period in which they are incurred.

Pension Plan

In government-wide financial statements, as required by GASB Statement No. 68, retirement plans are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

The City recognizes a net pension liability, which represents the City's proportionate share of the excess of the total pension liability over the fiduciary net position (*plan assets owned*) of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the City's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

Property Tax Revenue

Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- *Property Valuations* - are established by the Glenn County Assessor for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII-A of the State Constitution (Proposition 13, approved by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

- *Tax Levies* - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- *Tax Levy Dates* - are attached annually on January 1, proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- *Tax Collections* - are the responsibility of the county's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments. The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments. The City has elected to receive the City's portion of the property taxes from the county under the State's Teeter Plan program. Under this program, the City receives 100% of the City's share of the levied property taxes in periodic payments with the county assuming responsibility for the delinquencies.
- *Tax Levy Apportionments* - due to the nature of the City-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county's auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three fiscal years prior to fiscal year 1979.
- *Property Tax Administration Fees* - the State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes.

Revenue and Expenditures

Substantially all governmental fund revenue is accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue. In applying GASB Statement No. 33 to grant revenue, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Grant resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Operating income in proprietary fund financial statements includes revenue and expenses related to the primary continuing operations of the fund. Principal operating revenue for proprietary funds is charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenue and expenses are classified as nonoperating in the financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as needed. Expenditures are recognized when the related fund liability is incurred.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

Economic Dependence

The City received 72% of its total general fund revenue from three sources; sales tax (34%), property tax (20%), and transient occupancy tax revenue (18%). Any reduction in assessed property values or disruption to the overall economy could affect the City's primary operating fund. In the event of such a downturn, the City may have insufficient resources in its general fund to pay all of its obligations or provide services to its citizens at the current level.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

Deficit Fund Balances

Due to the City incurring costs in advance of receiving grant awards, reimbursements and other sources, the following funds incurred a deficit in their ending fund balance:

Economic development grant fund	\$ 653,007
Basin Street fund	83,810
	<u>\$ 736,817</u>

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Note 4 - Cash and Investments

The City follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees, under the provisions of bond covenants. Cash and investments at fiscal year end are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 3,082,327
Statement of Fiduciary Assets and Liabilities	
Cash and investments	286,776
Total	\$ 3,369,103
Cash and Investments consist of the following:	
Deposits with financial institutions:	
Checking accounts	\$ 127,826
Money market mutual funds	1,182,789
Fixed income: certificates of deposit	1,422,000
Local Agency Investment Fund	636,488
Total	\$ 3,369,103

Collateral and Categorization Requirements

At fiscal year end, the City's carrying amount of demand deposits and CDs were \$2,748,358 and the financial institutions account balances were \$3,513,135. The difference represented outstanding checks and deposits in transit. Of the total demand deposit and CD balances, \$1,689,796 was insured by the Federal Depository Insurance Corporation (FDIC) and \$1,823,339 was collateralized in accordance with California Government Code Section 53600 – 53609.

Investment Policy

The table below identifies the investment types that are authorized under provisions of the City's investment policy. The table also identifies certain provisions of the investment policy that address interest rate risk, credit risk, and concentration of credit risk.

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>	<u>Minimum Rating</u>
Certificates of Deposit	5 years	None	None	None
Negotiable Certificates of Deposit	5 years	30%	None	None
Local Agency Investment Fund	N/A	None	\$40m	None
Passbook Savings	N/A	None	None	None
U.S. Government Securities	5 years	None	None	None
U.S. Treasury Securities	5 years	None	None	None
Bankers Acceptances	270 days	40%	None	None
Commercial Paper	180 days	30%	None	None
Medium Term Notes	5 years	30%	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing in due-on-demand and short-term investments which provide cash flow and liquidity needed for operations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits credit risk by requiring compliance with the California Government Code for investment of public funds.

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any single issuer beyond that stipulated by the California government code.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Demand deposits - checking	\$ 127,826	on demand	n/a	4%
Money market mutual funds	1,182,789	on demand	0.05%	35%
Local Agency Investment Fund	636,488	on demand	1.47%	19%
Bank Certificate of deposit	750,000	1 to 3 years	2.44%	22%
Bank Certificate of deposit	672,000	1 to 3 years	2.03%	20%

Custodial Credit Risk

The credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California government code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "The California government code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

the secured public deposits.”

The credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California government code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Participation in an External Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer’s Office, which is audited by the Bureau of State Audits.

As of June 30, 2020, PMIA had approximately \$103 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer’s web site at www.treasurer.ca.gov. The fair value of the City’s investment in this pool is reported in the accompanying financial statements at amounts based upon the City’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 5 - Receivables

Accounts and other receivables as reported in the statement of net position consist of the following:

<u>Governmental Activities:</u>	
Sales taxes	\$ 159,648
Property taxes	59,192
Franchise fees	14,520
Intergovernmental	850,550
Investment earnings	7,131
Other receivables	5,996
	\$ 1,097,037
 <u>Business-type Activities:</u>	
Sewer utility customers	\$ 39,778
Sewer grant reimbursement	1,503
Water utility customers	350
	\$ 41,631

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Notes receivable consist of deferred repayment loans provided under the City housing and economic development department's affordable housing purchase and rehabilitation grant award programs. The loans are collateralized by deeds of trust on the purchased or improved properties. Repayment terms vary from 15 to 30 years. Balance at June 30, 2020 was \$293,676.

Note 6 - Commitments and Contingencies

In the normal course of municipal operations, there are various legal claims and legal actions pending against the City for which no provision has been made in the financial statements because the amount of liability, if any, is unknown. In the opinion of City management, liabilities arising from these claims and legal actions, if any, will not be material to these financial statements. The City has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material. At June 30, 2020, the City was in contract for two grant funded construction projects, which are expected to be completed in fiscal year 2020-21.

Note 7 - Capital Assets

Governmental-type Capital Asset activity for the year consists of the following:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ -	\$ -	\$ -	\$ -
Construction-in-progress	2,397,737	3,546,118	-	5,943,855
subtotal	2,397,737	3,546,118	-	5,943,855
<u>Depreciable Assets:</u>				
Buildings and infrastructure	2,324,716	-	-	2,324,716
Office equipment	173,251	20,462	(5,061)	188,652
Fire/Bld dept	1,524,396	501,423	(386,509)	1,639,310
Parks/public works	1,014,592	-	(240,800)	773,792
Library	36,075	-	(23,403)	12,672
Streets/infrastructure	5,170,049	-	-	5,170,049
subtotal	10,243,079	521,885	(655,773)	10,109,191
<u>Accumulated Depreciation</u>	(4,263,494)	(244,228)	655,346	(3,852,376)
Depreciable assets, net	5,979,585	277,657	(427)	6,256,815
Total capital assets, net	\$ 8,377,322	\$ 3,823,775	\$ (427)	\$ 12,200,670

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Business-type Capital Asset activity for the year consists of the following:

<i>WATER UTILITY FUND</i>	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	\$ 162,133	\$ -	\$ -	\$ 162,133
<u>Accumulated Depreciation</u>	(83,680)	-	-	(83,680)
Total capital assets, net	<u>\$ 78,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,453</u>

<i>SEWER UTILITY FUND</i>	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
<u>Non-depreciable Assets</u>				
Land	\$ -	\$ -	\$ -	\$ -
Construction-in-progress	104,741	157,945	-	262,686
subtotal	<u>104,741</u>	<u>157,945</u>	<u>-</u>	<u>262,686</u>
<u>Depreciable Assets:</u>				
System infrastructure, improvements & equipment	13,639,875	-	(15,033)	13,624,842
Improvements	354,744	-	(104,741)	250,003
subtotal	<u>13,994,619</u>	<u>-</u>	<u>(119,774)</u>	<u>13,874,845</u>
<u>Accumulated Depreciation</u>	(4,295,913)	(275,415)	-	(4,571,328)
Depreciable assets, net	<u>9,698,706</u>	<u>(275,415)</u>	<u>(119,774)</u>	<u>9,303,516</u>
Total capital assets, net	<u>\$ 9,803,447</u>	<u>\$ (117,470)</u>	<u>\$ (119,774)</u>	<u>\$ 9,566,202</u>

Note 8 - Payables

Accounts payable, as reported in the statement of net position, are comprised of the following:

<u>Governmental Activities</u>	
Capital projects	\$ 308,882
Utilities	13,694
Public safety	62,115
Professional services	70,128
Other vendors	28,776
	<u>\$ 483,595</u>

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Business-type Activities:

Sewer utility vendors	\$	78,122
Sewer capital projects		20,148
Water utility vendors		27
	\$	98,297

Note 9 - Long-term Obligations

The following summarizes changes in long-term debt and obligations for the year:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Reductions	Additions	End of Year	Due Within One Year
Fire Engine lease purchase	\$ -	\$ (295,777)	\$ 544,776	\$ 248,999	\$ 50,449
Commercial Bank loan	-	(106,395)	980,902	874,507	218,117
Net pension liability	6,807,910	-	348,377	7,156,287	-
Net OPEB liability	94,000	-	2,875	96,875	-
Compensated absences	93,746	(7,935)	-	85,811	21,453
subtotal	6,995,656	(410,107)	1,876,930	8,462,479	290,019
<u>BUSINESS-TYPE ACTIVITIES</u>					
USDA loan	\$ 5,824,000	\$ (114,000)	\$ -	\$ 5,710,000	\$ 119,000
Net pension liability	984,508	-	56,731	1,041,239	-
Net OPEB liability	26,513	-	811	27,324	-
Compensated absences	8,802	-	4,565	13,367	3,342
subtotal	6,843,823	(114,000)	62,107	6,791,930	122,342
Totals	\$ 13,839,479	\$ (524,107)	\$ 1,939,037	\$ 15,254,409	\$ 412,361

Fire Engine Capital Lease Purchase

Lease-Purchase agreement dated December 13, 2019 for the purchase of a 2019 Fire Engine for a total of \$544,776, secured by subject vehicle. Repayment of principal and interest is amortized over ten years beginning June 1, 2020 with interest at 2.58% per annum. Subsequent to the purchase agreement the City was awarded a grant in the amount of \$295,777 which reduced the loan amount to \$248,999.

Future payment requirements consist of the following:

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Year Ending June 30,	Principal	Interest	Total
2021	\$ 50,449	\$ 6,424	\$ 56,873
2022	52,744	5,123	57,867
2023	54,114	3,762	57,876
2024	55,520	2,366	57,886
2025	36,172	933	37,105
	<u>\$ 248,999</u>	<u>\$ 18,608</u>	<u>\$ 267,607</u>

Infrastructure Project Financing

Commercial Bank Loan agreement dated November 1, 2019 for the partial financing of an Infrastructure project up to the amount of \$1,400,000. Repayment of principal is amortized over 5 years with semi-annual payments. Interest is paid monthly on the outstanding balance with interest at 3.32% per annum. The City gave up its rights of immunity from legal proceedings on the grounds of sovereignty in exchange for this unsecured line of credit.

Future payment requirements consist of the following:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 218,117	\$ 29,034	\$ 247,151
2022	221,738	21,910	243,648
2023	229,161	14,549	243,710
2024	205,491	6,940	212,431
	<u>\$ 874,507</u>	<u>\$ 72,433</u>	<u>\$ 946,940</u>

United States Department of Agriculture Loan

Construction Financing Loan agreement dated March 2, 2007 for construction of sewer treatment plant system improvements, in the amount of \$6,889,000, secured by sewer fund revenue. Repayment of principal is amortized over 40 years, with an interest rate of 4.125% per annum.

Future payment requirements consist of the following:

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Year Ending June 30,	Principal	Interest	Total
2021	\$ 119,000	\$ 230,629	\$ 349,629
2022	124,000	225,514	349,514
2023	129,000	220,193	349,193
2024	134,000	214,665	348,665
2025	140,000	208,890	348,890
2026-2030	792,000	949,039	1,741,039
2031-2035	968,000	764,569	1,732,569
2036-2040	1,185,000	538,807	1,723,807
2041-2045	1,451,000	262,350	1,713,350
2046-2048	668,000	21,458	689,458
	<u>\$ 5,710,000</u>	<u>\$ 3,636,114</u>	<u>\$ 9,346,114</u>

Compensated Absences

City employees accumulate earned but unused vacation benefits. No expenditure is reported for these accrued amounts in the governmental funds financial statements. However, in the statement of activities, the expenditure is allocated to each function based on usage. Vested compensated absences, payable in accordance with various collective bargaining agreements, were reported in the statement of net position in the amount of \$85,811 for governmental activities, and \$13,367 for business-type activities, with approximately 75% considered due after the next fiscal year.

Note 10 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Overview of the Plan

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68), requires public employers to comply with accounting and financial reporting standards. GASB 68 outlines a different approach to the recognition and calculation of pension obligations. Under GASB 68, employers that participate in a defined benefit pension plan administered as a trust or equivalent arrangement are required to record their portion of the net pension liability, pension expense, and deferred outflows/deferred inflows of resources related to pensions in their financial statements as part of their financial position. Net pension liability is the plan's total pension liability based on the entry age normal actuarial cost method less the plan's fiduciary net position (*plan assets owned*). This may be a net pension asset when the Plan's fiduciary net position exceeds its total pension liability. Pension expense is the change in net pension liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (pension income), which should be reported as a credit in pension expense. Deferred outflows of resources and deferred inflows of resources related to pensions are certain changes in total pension liability and fiduciary net position that are to be recognized in future pension expense.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to / deductions from the Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the Plan's June 30, 2019 Annual Actuarial Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website: <https://www.calpers.ca.gov>

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Reporting Date	June 30, 2020

Actuarial Assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Straight-line amortization over 5-year period
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% net of investment expenses
Post Retirement Benefit Increase	Contract COLA up to 2.5%

Funded Status

Total Pension Plan Liability	\$ 27,353,027
Plan Fiduciary Net Position (<i>plan assets owned</i>)	19,155,501
Net Pension Plan Liability	8,197,526

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Pension plan expense for the fiscal year \$ 1,371,498

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Allocation
Global Equity	50.00%
Fixed Income	28.00%
Private Equity	8.00%
Real Assets	13.00%
Liquid Assets	1.00%
	100.00%

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

The amortization period differs depending on the source of the gain or loss, as follows:

- Net Difference between projected and actual earnings on pension plan investments: 5 year straight-line amortization.
- All Other Amounts: Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

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

The following presents the City's proportionate share of the unfunded net pension liability calculated using the discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	6.15%	7.15%	8.15%
Net Pension Liability	\$ 11,915,610	\$ 8,197,526	\$ 5,140,269

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 536,965	\$ 6,082
Changes of assumptions	359,867	97,308
Net differences between projected and actual investment earnings	-	126,051
Change in employer's proportion	-	202,437
Differences between employer's contributions and the employer's proportionate share of contributions	5,353	148,769
Pension contributions subsequent to measurement date	763,969	-
Totals	\$ 1,666,154	\$ 580,647

Recognition of Deferred Outflows and Inflows of Resources in Future Pension Expense as follows:

Year Ending June 30:	
2021	\$ 439,514
2022	(181,043)
2023	38,074
2024	24,993
2025	-
thereafter	-
	\$ 321,538

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Note 11 - Other Postemployment Benefits Plan (OPEB)

Overview of the Plan

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB 75), requires public employers to comply with accounting and financial reporting standards. Under GASB 75, employers that participate in an OPEB plan administered as a trust or equivalent arrangement are required to record their portion of the net OPEB liability, OPEB expense, and deferred outflows/deferred inflows of resources related to OPEB plans in their financial statements as part of their financial position. Net OPEB liability is the plan's total OPEB liability less the plan's fiduciary net position (*plan assets owned*). This may be a net OPEB asset when the Plan's fiduciary net position exceeds its total OPEB liability. OPEB expense is the change in net OPEB liability from the previous reporting period to the current reporting period less adjustments. This may be a negative expense (OPEB income), which should be reported as a credit in OPEB expense. Deferred outflows of resources and deferred inflows of resources related to OPEB plans are certain changes in total OPEB liability and fiduciary net position that are to be recognized in future OPEB expense.

Plan Description and Eligibility

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

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

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

Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	17
Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to, but not yet receiving benefits	-
Total	22

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (ie, as medical insurance premiums become due). The employer cash contributions totaled \$8,994 for the year.

Actuarial Methods and Assumptions

The total OPEB liability was determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Measurement Period June 30, 2018 to June 30, 2019
Reporting Date June 30, 2020

Actuarial Assumptions:

Actuarial Cost Method Entry Age Normal Cost, Level of Percent of Pay
Amortization Method Straight-line amortization
Discount Rate 2.45% at June 30, 2020
General Inflation 3.00% per annum
Salary increases 3.00% annual increases
Healthcare Trend Rate 5.25% for 2020; 5.00% for 2021 thereafter
Mortality Factors RP-2014 Health Annuitant Mortality Tables

Funded Status

Total OPEB Plan Liability	\$ 124,199
Plan Fiduciary Net Position (<i>plan assets owned</i>)	-
Net OPEB Plan Liability	124,199
OPEB plan expense for the fiscal year	\$ 8,700

Discount Rate

Valuation results were computed at a 2.45% discount rate, which the Actuary has determined is a reasonable long-term assumption of the City's expected return on its investments.

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2019:

	Discount Rate -1%	Current Rate	Discount Rate +1%
	<u>1.45%</u>	<u>2.45%</u>	<u>3.45%</u>
Net OPEB liability / (assets)	\$ 133,289	\$ 124,199	\$ 116,220

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using the Healthcare Cost Trend discount rate assumed to start at 8.00% (effective January 1, 2019) and down grade to 5% for years 2025 and thereafter:

	Current Trend -1%	Current Trend	Current Trend +1%
	<u>4.00%</u>	<u>5.00%</u>	<u>6.00%</u>
Net OPEB liability / (assets)	\$ 119,508	\$ 124,199	\$ 129,565

Deferred Outflows/Inflows of Resources

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ -	\$ -
Differences between projected and actual experience	-	-
Changes of assumptions	7,273	-
Net difference between projected and actual earnings of OPEB Plan investments	-	-
Totals	\$ 7,273	\$ -

The City will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below:

Year Ending June 30:	
2021	\$ 1,556
2022	1,556
2023	1,556
2024	1,556
2025	1,049
thereafter	-
	\$ 7,273

Note 12 - Interfund Transfers

The City reports interfund transfers between many of its funds. Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from funds collecting the receipts, to the debt service fund as debt service payments become due, and (3) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The City accounts for its capital improvement and construction projects generally through its gas tax and capital project funds. Such expenditures are primarily funded from general fund revenue, tax revenue, grants and developer impact fees. Transfers into the agency funds are generally for street related expenditures. These transfers are reported in the fiscal period in which the transactions are approved and recorded.

The following table reports operating transfers by fund type:

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

<u>Fund type</u>	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
General fund	\$ 5,000	\$ 111,977
CDBG OTC	600,219	-
Basin Street	380,683	-
Community Fund	11,420	-
CDBG 2003	-	1,042
Economic Development	-	4,684
CDBG Program	-	2,717
CDBG - PI	-	2,977
Debt Service fund	111,977	985,902
	<u>\$ 1,109,299</u>	<u>\$ 1,109,299</u>

Note 13 - Subsequent Events

The management of the City has reviewed the results of operations for the period from its year end June 30, 2020 through March 10, 2021, the date the financial statements were available to be issued in “draft” form, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 14 - Future Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

CITY OF WILLOWS
Notes to Financial Statements
June 30, 2020

Note 15 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Major Funds	Nonmajor Governmental Funds	Total
Nonspendable	\$ 4,725	\$ -	\$ -	\$ 4,725
Restricted for:				
CDBG OTC grant expenditures	-	511,875	-	511,875
RSTP Gas tax - streets/sidewalks	-	-	190,414	190,414
Gas tax - streets/sidewalks	-	-	110,587	110,587
Assessment District - maintenance	-	-	30,989	30,989
Gas taxes - 2105 to 2107.5 exp.	-	-	121,638	121,638
Recreation expenditures	-	-	11,434	11,434
Community District expenditures	-	-	104,061	104,061
Mall maintenance expenditures	-	-	23,432	23,432
Library expenditures	-	-	53,108	53,108
CLSA delivery expenditures	-	-	12,879	12,879
Fire & Police DIF expenditures	-	-	162,024	162,024
Storm Drain DIF expenditures	-	-	42,667	42,667
Street DIF expenditures	-	-	134,559	134,559
Park DIF expenditures	-	-	276,714	276,714
I-5 Interchange DIF expenditures	-	-	360,271	360,271
Library DIF expenditures	-	-	102,752	102,752
Gas tax 2103 - streets/sidewalks	-	-	168,066	168,066
Public safety grant funded expenditures	-	-	10,000	10,000
Other restricted expenditures funds	-	-	28,813	28,813
Total restricted fund balances	<u>-</u>	<u>511,875</u>	<u>1,944,408</u>	<u>2,456,283</u>
Committed to:				
Working reserve	200,000	-	-	200,000
Capital reserve	5,000	-	-	5,000
Total committed fund balances	<u>205,000</u>	<u>-</u>	<u>-</u>	<u>205,000</u>
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>901,713</u>	<u>(653,007)</u>	<u>(90,662)</u>	<u>158,044</u>
Total Fund Balances	<u>\$ 1,111,438</u>	<u>\$ (141,132)</u>	<u>\$ 1,853,746</u>	<u>\$ 2,824,052</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

CITY OF WILLOWS
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2020

Schedule of Proportionate Share of the Net Pension Liability

The proportion (percentage) of the collective net pension liability represents the City's share of both cost-sharing plan assets (the miscellaneous and safety plans) offset against the actuarial determined collective pension liability.

The proportionate share (dollar amount) of the collective net pension liability represents the City's share of both cost-sharing plan assets offset against the actuarial determined collective pension liability.

The employer's covered-employee payroll represents the payroll of employees that are provided with pensions through the applicable miscellaneous or safety pension plan.

Schedule of Contributions

The employer's contributions to the plans are actuarially determined or based on statutory or contractual requirements which comprise the following: (1) the agent employer's actuarially determined contribution to the pension plan (its statutorily/contractually required contribution), (2) the employer's actual contributions, the difference between the actual and actuarially determined contributions (its statutorily/contractually required contributions), and (3) a ratio of the actual contributions divided by covered-employee payroll.

CITY OF WILLOWS
Required Supplementary Information (unaudited)
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Last Five Six Years*

Schedule of the City's Proportionate Share of the Plan's Net Pension Liability	Measurement Date - Fiscal Year Ending June 30					
	2019	2018	2017	2016	2015	2014
City's proportion of the net pension liability	0.0800%	0.0809%	0.0799%	0.0819%	0.0869%	0.0869%
City's proportionate share of the net pension liability	\$ 8,197,526	\$ 7,792,418	\$ 7,924,460	\$ 7,089,757	\$ 5,963,313	\$ 5,404,643
City's covered-employee payroll **	\$ 1,007,884	\$ 1,036,377	\$ 1,525,987	\$ 1,628,424	\$ 1,488,702	\$ 1,524,276
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	813%	752%	519%	435%	401%	355%
Plan's fiduciary net position as a percentage of the plan's total pension liability	75%	75%	73%	74%	78%	80%

Schedule of the City's Contributions	Fiscal Year Ending June 30					
	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	\$ 763,969	\$ 683,036	\$ 615,648	\$ 639,429	\$ 748,028	\$ 468,134
Contributions in relation to the contractually required employer contribution	763,969	683,036	615,648	639,429	748,028	468,134
Contribution (excess) deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll ***	\$ 979,663	\$ 1,007,884	\$ 1,036,377	\$ 1,525,987	\$ 1,628,424	\$ 1,488,702
Contributions as a percentage of covered-employee payroll	78%	68%	59%	42%	46%	31%

* Fiscal year 2015 was the first year of implementation, therefore only six years are shown

** for the measurement date fiscal year

*** for the fiscal year ending on the date shown

CITY OF WILLOWS
Required Supplementary Information (unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios,
and Schedule of OPEB Contributions
Last Three Fiscal Years*

For Reporting at Fiscal Year Ended June 30:	2020	2019	2018
Measurement Date - Fiscal Year Ending June 30:	2019	2018	2017
<u>Total OPEB Liability</u>			
Service cost	\$ 3,405	\$ 3,214	\$ 3,120
Interest on the total OPEB liability	3,739	4,159	4,322
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	5,536	3,926	-
Contribution from the employer	-	-	-
Benefit payments	(8,994)	(11,243)	(12,644)
Net Change in Total OPEB Liability	3,686	56	(5,202)
Total OPEB Liability - beginning	120,513	120,457	125,659
Total OPEB Liability - ending (a)	<u>\$ 124,199</u>	<u>\$ 120,513</u>	<u>\$ 120,457</u>
<u>Plan Fiduciary Net Position</u>			
Contributions - employer	\$ 8,994	\$ 11,243	\$ 12,644
Net investment income	-	-	-
Benefit payments	(8,994)	(11,243)	(12,644)
Net Change in Plan Fiduciary Net Position	-	-	-
Plan Fiduciary Net Position - beginning	-	-	-
Plan Fiduciary Net Position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Plan Net OPEB Liability - ending (a) - (b)</u>	<u>\$ 124,199</u>	<u>\$ 120,513</u>	<u>\$ 120,457</u>
Fiduciary Net Position as a % of Total OPEB Liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 951,295	\$ 763,969	\$ 683,036
Net OPEB liability as a percentage of covered-employee payroll	13.06%	15.77%	17.64%

* Fiscal year 2018 was the first year of implementation, therefore only three years are shown

CITY OF WILLOWS
Required Supplementary Information (unaudited)
Budgetary Comparison Information and Schedule
Year Ended June 30, 2020

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

- Prior to the close of each fiscal year, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at City Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved budget.
- The City Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the City's needs; however, revisions that alter the total expenditures must be approved by the City Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the City Council.

CITY OF WILLOWS
Required Supplementary Information (unaudited)
Budgetary Comparison Information
General Fund
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows)				
Property tax	\$ 792,000	\$ 792,000	\$ 861,112	\$ 69,112
Intergovernmental	-	-	-	-
Franchise fees	190,500	190,500	205,248	14,748
Sales tax	1,394,500	1,394,500	1,432,962	38,462
Transit occupancy tax	725,000	725,000	762,924	37,924
Motor vehicle license fees	575,000	575,000	620,287	45,287
Licenses and permits	123,800	123,800	100,128	(23,672)
Transfer tax	19,000	19,000	18,945	(55)
Fines and forfeitures	3,000	3,000	16,879	13,879
Charge for services	202,734	202,734	108,698	(94,036)
Use of money and property	73,436	73,436	55,371	(18,065)
Other revenue	-	64,555	49,277	(15,278)
Transfers in	-	-	5,000	5,000
Amounts Available for Appropriation	4,098,970	4,163,525	4,236,831	73,306
Charges to Appropriations (Outflows)				
Personnel	-	-	1,964,031	(1,964,031)
Office	-	-	67,472	(67,472)
Utilities	-	-	133,564	(133,564)
Public works	-	-	98,577	(98,577)
Professional services	-	-	238,625	(238,625)
Contract services	-	-	161,795	(161,795)
Police contract	-	-	1,253,991	(1,253,991)
Insurance	-	-	101,801	(101,801)
Other expenditures	-	-	27,257	(27,257)
Capital expenditures	-	-	260,604	(260,604)
Transfers out	-	-	111,977	111,977
Total Charges to Appropriations	4,286,512	4,463,097	4,419,694	(4,195,740)
Surplus (Deficit)	\$ (187,542)	\$ (299,572)	\$ (182,863)	\$ (4,122,434)

OTHER SUPPLEMENTARY INFORMATION

Combining Funds Financial Statements

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	GT 2103	Cert	RSTP	Gas	CDBG	Willows	Gas	Gas	Gas	Gas	COVID	Balance
	Repay	Access	Gas	Tax	Housing	Lighting	Tax	Tax	Tax	Tax	19	Sheet
	Fund	Fund	Tax	Fund	Loans	Fund	2105	2106	2107	2107.5	Fund	Subtotal
												page 1
Assets												
Cash and investments	\$ -	\$ 7,871	\$ 190,301	\$ 93,545	\$ -	\$ 32,171	\$ 117,200	\$ 3,223	\$ (30)	\$ 3,897	\$ (84)	\$ 448,094
Receivables	18	-	976	17,042	-	104	521	-	35	20	-	18,716
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	293,676	-	-	-	-	-	-	293,676
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 18</u>	<u>\$ 7,871</u>	<u>\$ 191,277</u>	<u>\$ 110,587</u>	<u>\$ 293,676</u>	<u>\$ 32,275</u>	<u>\$ 117,721</u>	<u>\$ 3,223</u>	<u>\$ 5</u>	<u>\$ 3,917</u>	<u>\$ (84)</u>	<u>\$ 760,486</u>
Liabilities												
Payables	\$ -	\$ -	\$ 863	\$ -	\$ -	\$ 1,286	\$ -	\$ 3,223	\$ 5	\$ -	\$ -	\$ 5,377
Cash overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	293,676	-	-	-	-	-	-	293,676
Totals	<u>-</u>	<u>-</u>	<u>863</u>	<u>-</u>	<u>293,676</u>	<u>1,286</u>	<u>-</u>	<u>3,223</u>	<u>5</u>	<u>-</u>	<u>-</u>	<u>299,053</u>
Fund Balances												
Restricted	18	7,871	190,414	110,587	-	30,989	117,721	-	-	3,917	-	461,517
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	(84)	(84)
Totals	<u>18</u>	<u>7,871</u>	<u>190,414</u>	<u>110,587</u>	<u>-</u>	<u>30,989</u>	<u>117,721</u>	<u>-</u>	<u>-</u>	<u>3,917</u>	<u>(84)</u>	<u>461,433</u>
Total Liabilities and												
Fund Balances	<u>\$ 18</u>	<u>\$ 7,871</u>	<u>\$ 191,277</u>	<u>\$ 110,587</u>	<u>\$ 293,676</u>	<u>\$ 32,275</u>	<u>\$ 117,721</u>	<u>\$ 3,223</u>	<u>\$ 5</u>	<u>\$ 3,917</u>	<u>\$ (84)</u>	<u>\$ 760,486</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Page 2 of 8

	Recreation Fund	Recreation & Culture Fund	USDA Biomass Fund	Basin Street Fund	EDA Grant Fund	Community Fund	Mall Maintenance Fund	Economic Development Fund	1992 CDBG Fund	Balance Sheet Subtotal page 2
Assets										
Cash and investments	\$ 10,621	\$ 734	\$ (6,768)	\$ (5,615)	\$ -	\$ 103,583	\$ 23,432	\$ -	\$ -	\$ 125,987
Receivables	75	4	-	-	-	478	-	-	-	557
Due from other funds	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 10,696</u>	<u>\$ 738</u>	<u>\$ (6,768)</u>	<u>\$ (5,615)</u>	<u>\$ -</u>	<u>\$ 104,061</u>	<u>\$ 23,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,544</u>
Liabilities										
Payables	\$ -	\$ -	\$ -	\$ 78,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,195
Cash overdraft	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-
Totals	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,195</u>
Fund Balances										
Restricted	10,696	738	-	-	-	104,061	23,432	-	-	138,927
Committed	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(6,768)	(83,810)	-	-	-	-	-	(90,578)
Totals	<u>10,696</u>	<u>738</u>	<u>(6,768)</u>	<u>(83,810)</u>	<u>-</u>	<u>104,061</u>	<u>23,432</u>	<u>-</u>	<u>-</u>	<u>48,349</u>
Total Liabilities and Fund Balances	<u>\$ 10,696</u>	<u>\$ 738</u>	<u>\$ (6,768)</u>	<u>\$ (5,615)</u>	<u>\$ -</u>	<u>\$ 104,061</u>	<u>\$ 23,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,544</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	County Library Fund	CDBG Program Fund	ZIP Books State	SB 2 Grant Fund	USDA Fire Engine	CDBG PI Fund	HOME PI Fund	Northnet Train Fund	CLSA Delivery Fund	Fire DIF Fund	Police DIF Fund	Balance Sheet Subtotal page 3
Assets												
Cash and investments	\$ 53,375	\$ -	\$ 2,781	\$ -	\$ -	\$ -	\$ 5,431	\$ 4,768	\$ 6,818	\$ 130,719	\$ 30,504	\$ 234,396
Receivables	-	-	-	-	-	-	-	-	14,420	658	143	15,221
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 53,375</u>	<u>\$ -</u>	<u>\$ 2,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,431</u>	<u>\$ 4,768</u>	<u>\$ 21,238</u>	<u>\$ 131,377</u>	<u>\$ 30,647</u>	<u>\$ 249,617</u>
Liabilities												
Payables	\$ 267	\$ -	\$ 1,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,359	\$ -	\$ -	\$ 9,651
Cash overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>267</u>	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,359</u>	<u>-</u>	<u>-</u>	<u>9,651</u>
Fund Balances												
Restricted	53,108	-	1,756	-	-	-	5,431	4,768	12,879	131,377	30,647	239,966
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>53,108</u>	<u>-</u>	<u>1,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,431</u>	<u>4,768</u>	<u>12,879</u>	<u>131,377</u>	<u>30,647</u>	<u>239,966</u>
Total Liabilities and Fund Balances	<u>\$ 53,375</u>	<u>\$ -</u>	<u>\$ 2,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,431</u>	<u>\$ 4,768</u>	<u>\$ 21,238</u>	<u>\$ 131,377</u>	<u>\$ 30,647</u>	<u>\$ 249,617</u>

CITY OF WILLOWS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	LIT Passthru Fund	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library Library DIF	State Recycling Grant	Gas Tax 2103	SLESF COPS Grant	Debt Service Fund	Balance Sheet Subtotal page 4	Total Combining Balance Sheet
Assets												
Cash and investments	\$ -	\$ 67,510	\$ 133,933	\$ 275,370	\$ 358,536	\$ 102,253	\$ 8,969	\$ 167,302	\$ 6,955	\$ -	\$ 1,120,828	\$ 1,929,305
Receivables	-	661	626	1,344	1,735	499	-	764	3,045	-	8,674	43,168
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	293,676
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ 68,171</u>	<u>\$ 134,559</u>	<u>\$ 276,714</u>	<u>\$ 360,271</u>	<u>\$ 102,752</u>	<u>\$ 8,969</u>	<u>\$ 168,066</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 1,129,502</u>	<u>\$ 2,266,149</u>
Liabilities												
Payables	\$ -	\$ 25,504	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,504	\$ 118,727
Cash overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	293,676
Totals	<u>-</u>	<u>25,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,504</u>	<u>412,403</u>
Fund Balances												
Restricted	-	42,667	134,559	276,714	360,271	102,752	8,969	168,066	10,000	-	1,103,998	1,944,408
Committed	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-	-	(90,662)
Totals	<u>-</u>	<u>42,667</u>	<u>134,559</u>	<u>276,714</u>	<u>360,271</u>	<u>102,752</u>	<u>8,969</u>	<u>168,066</u>	<u>10,000</u>	<u>-</u>	<u>1,103,998</u>	<u>1,853,746</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 68,171</u>	<u>\$ 134,559</u>	<u>\$ 276,714</u>	<u>\$ 360,271</u>	<u>\$ 102,752</u>	<u>\$ 8,969</u>	<u>\$ 168,066</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 1,129,502</u>	<u>\$ 2,266,149</u>

CITY OF WILLOWS
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	GT 2103 Repay Fund	Cert Access Fund	RSTP Gas Tax	Gas Tax Fund	CDBG Housing Loans	Willows L&L District	Gas Tax 2105	Gas Tax 2106	Gas Tax 2107	Gas Tax 2107.5	COVID 19 Fund	Combining Revenue Subtotal page 1
Revenue												
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	7,062	-	81,320	108,803	-	-	32,045	19,519	40,463	2,000	-	291,212
Charge for services	-	2,394	-	-	-	27,865	-	-	-	-	-	30,259
Use of money and property	91	-	4,071	1,784	-	435	2,175	-	147	82	-	8,785
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>7,153</u>	<u>2,394</u>	<u>85,391</u>	<u>110,587</u>	<u>-</u>	<u>28,300</u>	<u>34,220</u>	<u>19,519</u>	<u>40,610</u>	<u>2,082</u>	<u>-</u>	<u>330,256</u>
Expenditures												
Current:												
Personnel	-	-	-	-	-	-	-	-	23,664	-	84	23,748
Office	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	122	-	-	-	9,638	9,866	19,519	16,946	-	-	56,091
Professional services	-	-	-	-	-	-	-	-	-	202	-	202
Contract services	-	-	-	-	-	-	-	-	-	-	-	-
Police contract	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	7,135	-	15,787	-	-	-	-	-	-	-	-	22,922
Total Expenditures	<u>7,135</u>	<u>122</u>	<u>15,787</u>	<u>-</u>	<u>-</u>	<u>9,638</u>	<u>9,866</u>	<u>19,519</u>	<u>40,610</u>	<u>202</u>	<u>84</u>	<u>102,963</u>
Excess Revenue over (under) Expenditures	<u>18</u>	<u>2,272</u>	<u>69,604</u>	<u>110,587</u>	<u>-</u>	<u>18,662</u>	<u>24,354</u>	<u>-</u>	<u>-</u>	<u>1,880</u>	<u>(84)</u>	<u>227,293</u>
Other Financing Sources (Uses)												
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from financing	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	<u>18</u>	<u>2,272</u>	<u>69,604</u>	<u>110,587</u>	<u>-</u>	<u>18,662</u>	<u>24,354</u>	<u>-</u>	<u>-</u>	<u>1,880</u>	<u>(84)</u>	<u>227,293</u>
Fund Balances - beginning	-	5,599	120,810	-	-	12,327	93,367	-	-	2,037	-	234,140
Fund Balances - end of year	<u>\$ 18</u>	<u>\$ 7,871</u>	<u>\$ 190,414</u>	<u>\$ 110,587</u>	<u>\$ -</u>	<u>\$ 30,989</u>	<u>\$ 117,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,917</u>	<u>\$ (84)</u>	<u>\$ 461,433</u>

CITY OF WILLOWS
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

Page 6 of 8

	Recreation Fund	Recreation & Culture Fund	USDA Biomass Fund	Basin Street Fund	Community Disc Fund	Mall Maint. Fund	CDBG 2003 Fund	Economic Development Fund	1992 CDBG Fund	Combining Revenue Subtotal page 2
Revenue										
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	362	-	19,301	-	935	-	4,593	25,191
Charge for services	12,910	-	-	-	-	14,717	107	-	91	27,825
Use of money and property	314	18	-	-	1,994	-	-	-	-	2,326
Other revenue	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>13,224</u>	<u>18</u>	<u>362</u>	<u>-</u>	<u>21,295</u>	<u>14,717</u>	<u>1,042</u>	<u>-</u>	<u>4,684</u>	<u>55,342</u>
Expenditures										
Current:										
Personnel	9,399	-	-	-	-	-	-	-	-	9,399
Office	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	135	-	-	-	135
Professional services	-	-	7,130	-	30,881	-	-	1,968	-	39,979
Contract services	-	-	-	-	-	-	-	-	-	-
Police contract	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-
Other expenditures	8,211	187	-	-	-	-	-	-	-	8,398
Capital expenditures	-	-	-	510,651	-	-	-	-	-	510,651
Total Expenditures	<u>17,610</u>	<u>187</u>	<u>7,130</u>	<u>510,651</u>	<u>30,881</u>	<u>135</u>	<u>-</u>	<u>1,968</u>	<u>-</u>	<u>568,562</u>
Excess Revenue over (under) Expenditures	<u>(4,386)</u>	<u>(169)</u>	<u>(6,768)</u>	<u>(510,651)</u>	<u>(9,586)</u>	<u>14,582</u>	<u>1,042</u>	<u>(1,968)</u>	<u>4,684</u>	<u>(513,220)</u>
Other Financing Sources (Uses)										
Transfers in (out)	-	-	-	380,683	11,420	-	(1,042)	-	(4,684)	386,377
Proceeds from financing	-	-	-	-	-	-	-	-	-	-
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>380,683</u>	<u>11,420</u>	<u>-</u>	<u>(1,042)</u>	<u>-</u>	<u>(4,684)</u>	<u>386,377</u>
Change in Fund Balances	<u>(4,386)</u>	<u>(169)</u>	<u>(6,768)</u>	<u>(129,968)</u>	<u>1,834</u>	<u>14,582</u>	<u>-</u>	<u>(1,968)</u>	<u>-</u>	<u>(126,843)</u>
Fund Balances - beginning	15,082	907	-	46,158	102,227	8,850	-	1,968	-	175,192
Fund Balances - end of year	<u>\$ 10,696</u>	<u>\$ 738</u>	<u>\$ (6,768)</u>	<u>\$ (83,810)</u>	<u>\$ 104,061</u>	<u>\$ 23,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,349</u>

CITY OF WILLOWS
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	County Library Fund	CDBG Program Fund	ZIP Books State	SB 2 Grant Fund	USDA Fire Engine	CDBG PI Fund	HOME PI Fund	Northnet Train Fund	CLSA Delivery Fund	Fire DIF Fund	Police DIF Fund	Combining Revenue Subtotal page 3
Revenue												
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	73,500	2,439	1,128	40,744	295,777	2,743	916	1,000	21,756	5,577	2,688	448,268
Charge for services	-	-	-	-	-	-	-	-	-	-	-	-
Use of money and property	-	278	-	-	-	313	18	-	-	2,744	596	3,949
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>73,500</u>	<u>2,717</u>	<u>1,128</u>	<u>40,744</u>	<u>295,777</u>	<u>3,056</u>	<u>934</u>	<u>1,000</u>	<u>21,756</u>	<u>8,321</u>	<u>3,284</u>	<u>452,217</u>
Expenditures												
Current:												
Personnel	54,538	-	-	-	-	-	-	-	-	-	-	54,538
Office	1,774	-	-	-	-	-	-	-	-	-	-	1,774
Utilities	3,229	-	-	-	-	-	-	-	-	-	-	3,229
Public works	-	-	-	-	-	-	-	-	-	-	-	-
Professional services	-	-	-	40,744	-	-	-	-	-	-	-	40,744
Contract services	-	-	-	-	-	-	-	-	-	-	-	-
Police contract	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	5,448	-	3,784	-	-	79	93	452	20,659	-	-	30,515
Capital expenditures	-	-	-	-	295,777	-	-	-	-	6,559	-	302,336
Total Expenditures	<u>64,989</u>	<u>-</u>	<u>3,784</u>	<u>40,744</u>	<u>295,777</u>	<u>79</u>	<u>93</u>	<u>452</u>	<u>20,659</u>	<u>6,559</u>	<u>-</u>	<u>433,136</u>
Excess Revenue over (under) Expenditures	<u>8,511</u>	<u>2,717</u>	<u>(2,656)</u>	<u>-</u>	<u>-</u>	<u>2,977</u>	<u>841</u>	<u>548</u>	<u>1,097</u>	<u>1,762</u>	<u>3,284</u>	<u>19,081</u>
Other Financing Sources (Uses)												
Transfers in (out)	-	(2,717)	-	-	-	(2,977)	-	-	-	-	-	(5,694)
Proceeds from financing	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Sources	<u>-</u>	<u>(2,717)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,977)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,694)</u>
Change in Fund Balances	8,511	-	(2,656)	-	-	-	841	548	1,097	1,762	3,284	13,387
Fund Balances - beginning	44,597	-	4,412	-	-	-	4,590	4,220	11,782	129,615	27,363	226,579
Fund Balances - end of year	<u>\$ 53,108</u>	<u>\$ -</u>	<u>\$ 1,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,431</u>	<u>\$ 4,768</u>	<u>\$ 12,879</u>	<u>\$ 131,377</u>	<u>\$ 30,647</u>	<u>\$ 239,966</u>

CITY OF WILLOWS
Combining Statement of Revenue, Expenditures, and Change in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	LIT Pass thru Fund	Storm Drainage DIF	Street Development DIF	Park Facilities DIF	I-5 Interchange DIF	Library Library DIF	State Recycling Grant	Gas Tax 2103	SLESF COPS Grant	Debt Service Fund	Combining Revenue Subtotal page 4	Total Combining Revenue Statement
Revenue												
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	60,062	14,277	12,288	-	6,596	-	-	43,317	155,948	-	292,488	1,057,159
Charge for services	-	-	-	-	-	-	-	-	-	-	-	58,084
Use of money and property	-	2,759	2,611	5,608	7,239	2,082	-	3,188	-	-	23,487	38,547
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	<u>60,062</u>	<u>17,036</u>	<u>14,899</u>	<u>5,608</u>	<u>13,835</u>	<u>2,082</u>	<u>-</u>	<u>46,505</u>	<u>155,948</u>	<u>-</u>	<u>315,975</u>	<u>1,153,790</u>
Expenditures												
Current:												
Personnel	-	-	-	-	-	-	-	-	-	-	-	87,685
Office	-	-	-	-	-	-	-	-	-	-	-	1,774
Utilities	-	-	-	-	-	-	-	4,883	-	-	4,883	8,112
Public works	-	-	-	-	-	-	-	-	-	-	-	56,226
Professional services	-	-	-	-	-	-	-	-	-	-	-	80,925
Contract services	-	-	-	-	-	-	-	-	-	-	-	-
Police contract	-	-	-	-	-	-	-	-	155,948	-	155,948	155,948
Insurance	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditures	60,062	-	-	-	-	-	-	-	-	111,977	172,039	210,952
Capital expenditures	-	168,700	-	-	-	-	-	-	-	-	168,700	1,004,609
Total Expenditures	<u>60,062</u>	<u>168,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,883</u>	<u>155,948</u>	<u>111,977</u>	<u>501,570</u>	<u>1,606,231</u>
Excess Revenue over (under) Expenditures	<u>-</u>	<u>(151,664)</u>	<u>14,899</u>	<u>5,608</u>	<u>13,835</u>	<u>2,082</u>	<u>-</u>	<u>41,622</u>	<u>-</u>	<u>(111,977)</u>	<u>(185,595)</u>	<u>(452,441)</u>
Other Financing Sources (Uses)												
Transfers in	-	-	-	-	-	-	-	-	-	111,977	111,977	498,354
Transfers (out)	-	-	-	-	-	-	-	-	-	(985,902)	(985,902)	(991,596)
Proceeds from financing	-	-	-	-	-	-	-	-	-	980,902	980,902	980,902
Total Other Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,977</u>	<u>106,977</u>	<u>487,660</u>
Change in Fund Balances	<u>-</u>	<u>(151,664)</u>	<u>14,899</u>	<u>5,608</u>	<u>13,835</u>	<u>2,082</u>	<u>-</u>	<u>41,622</u>	<u>-</u>	<u>(5,000)</u>	<u>(78,618)</u>	<u>35,219</u>
Fund Balances - beginning	<u>-</u>	<u>194,331</u>	<u>119,660</u>	<u>271,106</u>	<u>346,436</u>	<u>100,670</u>	<u>8,969</u>	<u>126,444</u>	<u>10,000</u>	<u>5,000</u>	<u>1,182,616</u>	<u>1,818,527</u>
Fund Balances - end of year	<u>\$ -</u>	<u>\$ 42,667</u>	<u>\$ 134,559</u>	<u>\$ 276,714</u>	<u>\$ 360,271</u>	<u>\$ 102,752</u>	<u>\$ 8,969</u>	<u>\$ 168,066</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 1,103,998</u>	<u>\$ 1,853,746</u>

APPENDIX A

SINGLE AUDIT REPORT

CITY OF WILLOWS, CALIFORNIA

Single Audit Report

Table of Contents

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* 2

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards 3-4

Schedule of Expenditures of Federal Awards 5

Notes to the Schedule of Expenditures of Federal Awards..... 6

Schedule of Findings and Questioned Costs 7

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Willows basic financial statements, and have issued our report thereon dated March 8, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcello & Company

Certified Public Accountants
Granite Bay, California
March 8, 2021

MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

8715 Seville Circle / Granite Bay, California 95746-5823

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards

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

Report on Compliance for Each Major Federal Program

We have audited the City of Willows compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willows as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Willows' basic financial statements. We issued our report thereon dated March 8, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Marcello & Company

Certified Public Accountants
Granite Bay, California
March 8, 2021

CITY OF WILLOWS, CALIFORNIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF COMMERCE		
Investments for Public Works and Economic Development Facilities Passed through the State of California Economic Development Administration Contract No. EDA 07-01-07275 Project Name: South Willows Roadway and Utilities Project		
	11.300	\$ 2,110,853
U.S. DEPARTMENT OF AGRICULTURE (USDA)		
Rural Development Grant Direct Award Communities Facilities Loans and Grants Project Name: Purchase of Tactical Water Tender (Fire Engine)		
	10.766	295,777
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)		
Community Development Block Grants/State's Program Passed through the State of California, Department of Housing and Community Development Community Development Block Grant (CDBG) Program Contract No. 17-CDBG-12031 Project Name: CDBG OTC South Willows Infrastructure		
	14.228	558,018
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)		
Community Development Block Grants/State's Program Passed through the State of California Department of Housing and Community Development Community Development Block Grant (CDBG) Program Contract No. 18-HOME-12557 Project Name: City of Willows <i>Sycamore Ridge Family Apartments</i>		
	14.228	1,807,436
U.S. DEPARTMENT OF AGRICULTURE		
Rural Business Development Grant Direct Award RBDG Biomass Energy Facilities Feasibility		
	10.351	7,130
OFFICE OF MANAGEMENT AND BUDGET		
Coronavirus Aid, Relief, and Economic Security (CARES) Act Passed through the State of California Department of Finance		
	93.084	<u>84</u>
Total Expenditures of Federal Awards		<u>\$ 4,779,298</u>

CITY OF WILLOWS, CALIFORNIA
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditures for all federal award programs received by the City of Willows, California (the City). The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net position of the City.

Note 2 - Summary of Significant Accounting Policies

The federal award expenditures reported in the Schedule are prepared from records maintained by the City for federal funds and reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, when applicable, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - De Minimis Cost Rates

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

Note 4 - Pass-through

Federal awards passed through the State of California are identified on the Schedule.

Note 5 - Subrecipients

There were no subrecipients of federal awards this year.

Note 6 - Catalog of Federal Domestic Assistance Numbers

The Catalog of Federal Domestic Assistance (CFDA) numbers included in the accompanying Schedule were determined based upon program name, review of grant contract information, and the Office of Management and Budget's CFDA.

CITY OF WILLOWS, CALIFORNIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: *Unmodified Opinion*

2. Internal controls examined during the audit of the financial statements:

- a. Material weaknesses identified? *None disclosed*
- b. Significant deficiencies identified? *None disclosed*

3. Noncompliance material to the financial statements identified during the audit? *None disclosed*

4. Internal control over major programs examined during the audit of the financial statements:

- a. Material weaknesses identified? *None disclosed*
- b. Significant deficiencies identified? *None disclosed*

5. Type of auditor's report issued on compliance for major programs: *Unmodified Opinion*

6. Any audit findings relating to major programs disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? *None disclosed*

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
11.300	US Department of Commerce
14.228	US Department of Housing & Urban Development

8. Dollar threshold used to distinguish between Type A and Type B programs? *\$750,000*

9. Auditee qualifies as a low-risk auditee? *No* (no single audit requirement in FY 2017-18, yes in FY 2018-19)

SECTION II - FINANCIAL STATEMENT FINDINGS

Current Year: *None disclosed*

Prior Year: *None disclosed*

SECTION III - MAJOR FEDERAL PROGRAMS FINDINGS AND QUESTIONED COSTS

Current Year: *None disclosed*

Prior Year: *None disclosed*