



Willows City Council Regular Meeting

July 26, 2022

Willows City Hall

5:00 Closed Session

6:00 p.m. Regular Meeting

City Council

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

City Manager

Marti Brown

City Clerk

Vacant

201 North Lassen Street

Willows, CA 95988

(530) 934-7041

Agenda

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. CLOSED SESSION

- a. Conference with Legal Counsel – Anticipated Litigation (§ 54956.9) - Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of Section 54956.9: (One (1) Case).
- b. Existing Litigation - Guzman v. City of Willows et. al., Glenn County Superior Court Case No. 22CV02902.

5. CHANGES TO THE AGENDA

6. PROCLAMATION – Honoring the Life and Memory of Barbara Jean LaDoucer

7. PUBLIC COMMENT & CONSENT CALENDAR FORUM

All matters on the Consent Calendar are considered routine and are approved by one motion and vote, unless Councilmembers or the City Manager first requests that a matter be removed for separate discussion and action. Individuals wishing to address the City Council concerning Consent Calendar items or regarding matters that are not already on the agenda are invited to make oral comments of up to three minutes at this time. Please address your comments to the Mayor and Councilmembers, and not to staff and/or the audience. By State law, the Council is not permitted to undertake any action or discussion on any item not appearing on the posted agenda. If you have any documentation that you would like distributed to the City Council, please mail it to the City Manager at 201 North Lassen Street, Willows, CA 95988 or email it to:

mbrown@cityofwillows.org

a. **Register Approval**

Recommended Action: Approve general checking, payroll, and direct deposit check registers.

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org.

b. **Minute Approval**

Recommended Action: Approve minutes of the July 12, 2022, City Council meeting.

Contact: Tara Rustenhoven, Deputy City Clerk, trustenhoven@cityofwillows.org.

c. **Updated CDBG Resolution - Housing & Community Development Department**

Recommended Action: Approve the updated resolution for the City's Community Development Block Grant as required by the State's Housing and Community Development Department.

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org.

8. PUBLIC HEARING

a. **Landscaping and Lighting Special Assessment District - Authorization to Levy Assessments**

Recommended Action: Conduct the required public protest hearing, open and review any received ballots and consider the attached resolution approving the Engineer's Report as filed, confirming the assessment diagram and amounts as set forth therein and authorizing the levy and collection of assessments for the Fiscal Year 2022-23.

Contact: John Wanger, City Engineer, jwanger@cityofwillows.org.

b. **Weed Abatement – Special Assessment**

Recommended Action: Upon conclusion of the public hearing, consider and adopt the attached resolution confirming costs of abatement and declaring a special assessment on those properties abated by the City as of August 4, 2022.

Contact: Nathan Monck, nmonck@cityofwillows.org.

9. DISCUSSION & ACTION CALENDAR

All matters in this section of the Agenda are discussed and will be acted on individually. Individuals wishing to address the City Council concerning any of these items are invited to make oral comments of up to three minutes at this time. Please address your comments to the Mayor and Councilmembers, and not to staff and/or the audience. When the Mayor calls for public comment, please raise your hand to be acknowledged. While not required, the City requests that you please state your name clearly for the audio recording. By State law, the Council is not permitted to undertake any action or discussion on any item not appearing on the posted agenda. If you have any documentation that you would like distributed to the City Council, please mail it to the City Manager at 201 North Lassen Street, Willows, CA 95988 or email it to: mbrown@cityofwillows.org.

a. **Fiscal Year 2020-2021 Audited Financial Statements**

Recommended Action: Approve the City of Willows Audited Financial Statements for Fiscal Year ending June 30, 2021, as presented by Smith & Newell, CPAs, Certified Public Accountants.

Contact: Marti Brown, City Manager, mbrown@cityofwillows.org.

b. **Five-Year Capital Improvement Program (FY 2022-2026)**

Recommended Action: Approve the attached resolution adopting the 5-Year Capital Improvement Program (CIP) for FY22-26.

Contact: John Wanger, City Engineer, jwanger@cityofwillows.org.

c. **Street Banner Program**

Recommended Action: Consider and approve the five attached final banner designs for the new Street Banner Program, and direct staff to work with the ADRB, the Designer and CGI Digital to produce and install the banners and implement the program in downtown Willows.

Contact: Karen Mantele, Principal Planner, kmantele@cityofwillows.org.

d. **Weed Abatement – Contract Amendment**

Recommended Action: Approve a contract amendment with Tony Tapia Construction for the City’s annual weed abatement efforts in the amount of \$29,373.76. Pay \$14,686.88 (half) now and, upon receipt of payment (or via the lien process) from property owners whose properties were abated in 2022, pay the other half, \$14,686.88, for the total cost of the abatement program.

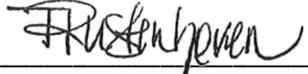
Contact: Nathan Monck, Fire Chief, nmonck@cityofwillows.org.

10. COMMENTS & REPORTS

- a. City Council Comments & Reports
- b. City Manager’s Report

11. ADJOURNMENT

[This agenda was posted on July 22, 2022](#)


Tara Rustenhoven, Deputy City Clerk

A complete agenda packet, including staff reports and back-up information, is available for public inspection during normal work hours at City Hall or the Willows Public Library at 201 North Lassen Street in Willows or on the City's website at www.cityofwillows.org.

In compliance with the Americans with Disabilities Act, the City of Willows will make available to members of the public any special assistance necessary to participate in this meeting. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132). The public should contact the City Clerk's office at 934-7041 to make such a request. Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

The City of Willows is an Equal Opportunity Provider



PROCLAMATION



Proclamation

Honoring Barbara Jean La Doucer

WHEREAS, in 1975, Barbara LaDoucer became a hard-working member of the American Legion Auxiliary supporting her husband, Bill, a retired Army and National Guard veteran of 33 years and member of the American Legion in the Fourth District.

WHEREAS, when her unit folded in the 1980's, she transferred to Unit 98 in Princeton where she was instrumental in starting new projects to support veterans and strengthening the National Poppy Program, which encourages communities to remember those lives lost on all battlefields by wearing the memorial red poppy. In Barbara's words, "The poppies keep alive the memories of veterans who have died, while helping other veterans with a variety of needs."

WHEREAS, Barbara held several offices in her 47 years with the American Legion Auxiliary, including District 4 President and chairmanships at the State level.

WHEREAS, she also served as Departmental Chapeau with the LaButtes Salon #58, San Bernardino, an organization associated with the American Legion Auxiliary and dedicated to helping children with respiratory illnesses.

WHEREAS, Barbara was also a member of the Willows VFW Auxiliary Post 1770 using her many gifts and talents to continue supporting veterans.

WHEREAS, her personal passion was elaborate embroidery, which she proudly displayed and donated to fundraising events for veterans. Barbara was devoted to her community and all veterans, and she was known as a "Patriotic Warrior".

WHEREAS, on July 7, 2022, Barbara was honored as "Woman of the Year" and presented with a California State Assembly Resolution of accolades for her selfless commitment to serving her community and veterans at a luncheon ceremony hosted by Assemblyman James Gallagher.

WHEREAS, Barbara also received proclamations earlier this year from the City of Willows in observance of World War II Recognition Day and "Welcome Home Vietnam Veterans' Day" recognizing all those who served in the military during World War II and the Vietnam era, respectively.

WHEREAS, Barbara's most endearing qualities were her kind, cheerful nature and loving and giving spirit. She had a unique tenacity for accomplishing her goals as evidenced by the collection of proclamations and awards she was bestowed over the years. She will be most remembered for how she touched lives and helped others when she saw the need.

NOW THEREFORE, I, Larry Domenighini, Mayor of the City of Willows, and on behalf of the City Council, honor the life of Barbara Jean Ladoucer and the enormous positive impact she had on our community.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this 26th day of July 2022.



Larry Domenighini, Mayor



PUBLIC COMMENT & CONSENT CALENDAR FORUM



PERIOD

07/18/2022 TO 07/19/2022

Payroll Direct Deposit Z45866 TO Z45897

General Checking 39277 TO 39285

APPROVAL DATE 07/26/2022

APPROVED _____

REPORT.: 07/18/22
 RUN...: 07/18/22 Time: 12:59
 Run By.: Katie Butler

CITY OF WILLOWS
 Check Register

Check Number	Date	Payroll Date	**Employee** Num Name	Actual Period	Fiscal Period	Gross Amount
39277	07/22/22	07/17/22	CHR00 CHRISTY, ALISHA	07-22	01-23	539.00
39278	07/22/22	07/17/22	MOR00 MORRISON, KAYLEE N	07-22	01-23	310.25
Z45866	07/22/22	07/17/22	BRO01 Brown, Martha	07-22	01-23	5955.77
Z45867	07/22/22	07/17/22	BUT01 BUTLER, KATIE LEEANN	07-22	01-23	1974.31
Z45868	07/22/22	07/17/22	RUS01 RUSTENHOVEN, TARA L	07-22	01-23	2364.97
Z45869	07/22/22	07/17/22	ARE00 Arellanes, Ashley Marie	07-22	01-23	653.98
Z45870	07/22/22	07/17/22	EHO02 EHORN, CAITLIN A	07-22	01-23	1312.64
Z45871	07/22/22	07/17/22	RAN00 RANDOLPH, ABIGAIL S	07-22	01-23	256.00
Z45872	07/22/22	07/17/22	SIL00 SILVA, EMILY M	07-22	01-23	96.00
Z45873	07/22/22	07/17/22	SPE02 SPENCE, KYLIEGH C	07-22	01-23	544.00
Z45874	07/22/22	07/17/22	VAR00 Vargas, Giovanni	07-22	01-23	592.00
Z45875	07/22/22	07/17/22	ARN02 ARNOLD, RAINA A	07-22	01-23	1025.00
Z45876	07/22/22	07/17/22	BER02 Berglund, Adessa	07-22	01-23	393.72
Z45877	07/22/22	07/17/22	BOB01 Bobadilla, Tristan	07-22	01-23	441.93
Z45878	07/22/22	07/17/22	CHA01 Chavez, Valeria Clarissa	07-22	01-23	375.00
Z45879	07/22/22	07/17/22	COB00 Cobb, Trinity	07-22	01-23	723.15
Z45880	07/22/22	07/17/22	FLO00 Flowerdew, Nick	07-22	01-23	578.52
Z45881	07/22/22	07/17/22	GAR00 GARDNER, CAYLIE	07-22	01-23	292.60
Z45882	07/22/22	07/17/22	HUT04 HUTSON, KRISTINA RENEE	07-22	01-23	430.20
Z45883	07/22/22	07/17/22	LAN00 Lanzi, Karli	07-22	01-23	375.00
Z45884	07/22/22	07/17/22	ROP00 ROPER, JILLIAN S	07-22	01-23	884.26
Z45885	07/22/22	07/17/22	TAY05 Taylor, Lauren	07-22	01-23	498.17
Z45886	07/22/22	07/17/22	VAS00 Vasquez, Mallorie	07-22	01-23	112.50
Z45887	07/22/22	07/17/22	ABO00 ABOLD, STEVEN B	07-22	01-23	1856.72
Z45888	07/22/22	07/17/22	CAZ01 Cazares, Benjamin L.	07-22	01-23	1996.07
Z45889	07/22/22	07/17/22	MCM00 MCMAHON, SHARON M	07-22	01-23	188.16
Z45890	07/22/22	07/17/22	SEN00 SENGSMANY, SITXAY	07-22	01-23	512.00
Z45891	07/22/22	07/17/22	VAS01 VASQUEZ, PEDRO CEASAR	07-22	01-23	2132.62
Z45892	07/22/22	07/17/22	ENO00 ENOS, KYLE	07-22	01-23	2322.99
Z45893	07/22/22	07/17/22	LOM00 LOMBARD, TYLER JOSEPH	07-22	01-23	2131.47
Z45894	07/22/22	07/17/22	MON00 MONCK, NATHANIAL T	07-22	01-23	4434.00
Z45895	07/22/22	07/17/22	PET02 PETERSEN, MATTHEW	07-22	01-23	2003.00
Z45896	07/22/22	07/17/22	MIN00 MINGS, MICHAEL E	07-22	01-23	1953.44
Z45897	07/22/22	07/17/22	PFY00 PFYL, NATISA N	07-22	01-23	3285.04

 43544.48

REPORT.: 07/22/22
 RUN ON.: 07/19/22 Time: 10:28
 RUN BY.: Katie Butler

CITY OF WILLOWS

PAGE: 001
 ID #: SPVR
 CTL.: WIL

Vendor Check Register Print

Number	Date	Vendor/Organization	Invoice Id	Date	Description/Reference	Period	Amount	Amount Paid
39279	07/22/22	EDD01 EMPLOYMENT DEVELOP.DEPT.	C20718	07/18/22	STATE INCOME TAX	07-22	908.68	908.68
39280	07/22/22	EDD02 EMPLOYMENT DEVELOPMENT DEP	C20718	07/18/22	SDI	07-22	452.56	452.56
39281	07/22/22	ICM01 ICMA RETIREMENT TRUST 457	C20718	07/18/22	DEFERRED COMP - ICMA	07-22	200.00	200.00
39282	07/22/22	NAT00 NATIONWIDE RETIREMENT SOLU	C20718	07/18/22	USCM DEF. COMP. NAT	07-22	1592.39	
39282	07/22/22	NAT00 NATIONWIDE RETIREMENT SOLU	1C20718	07/18/22	USCM DEF. COMP. MTCH	07-22	278.85	1871.24
39283	07/22/22	PER01 P.E.R.S.	C20718	07/18/22	PERS PAYROLL REMITTANCE	07-22	6062.37	6062.37
39284	07/22/22	UMP00 UMPQUA BANK	C20718	07/18/22	DIRECT DEPOSIT	07-22	29574.31	29574.31
39285	07/22/22	UMP01 UMPQUA BANK - MYTAXPAYER	C20718	07/18/22	FEDERAL INCOME TAX	07-22	2486.61	
39285	07/22/22	UMP01 UMPQUA BANK - MYTAXPAYER	1C20718	07/18/22	FICA	07-22	5101.62	
39285	07/22/22	UMP01 UMPQUA BANK - MYTAXPAYER	2C20718	07/18/22	MEDICARE	07-22	1193.12	8781.35
TOTAL DISBURSED							47850.51	47850.51



ACTION MINUTES OF THE WILLOWS CITY COUNCIL REGULAR MEETING HELD JULY 12, 2022

*Meeting audio is available at the City of Willows website. This is not a live feature.
Please visit www.cityofwillows.org for free PodBean recordings.*

1. Mayor Domenighini called the meeting to order at 5:30 p.m.
2. The meeting opened with the Pledge of Allegiance led by Council Member Williams.

3. Roll Call:

Council Members Present: Council Members Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

Council Members Absent:

Staff Present: City Manager Marti Brown, City Attorney David Ritchie, Fire Chief Nathan Monck, and Deputy City Clerk Tara Rustenhoven

4. Closed Session

Conference with Legal Counsel-Anticipated Litigation

Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9: (One (1) Case).

Entered into closed session at 5:31 p.m.

Reconvened into open session at 5:51 p.m.

Announcement of any action taken in closed session:

Mayor Domenighini reported no reportable action and direction was given to staff.

Mayor Domenighini asked for a recess until the start of the regular meeting of 6:00 p.m.

Reconvened into open session at 6:00 p.m.

5. Changes to the Agenda: No changes to the Agenda.

6. Public Comment & Consent Calendar:

Public Comment

Lisa Davis – owner of 153 N Lassen St. She was concerned about the new concrete forms in front of her property.

Robert Wise-handed written communication to the clerk and was distributed to the council regarding 153 N Lassen St. Written communication will be added to the minutes.

Consent Calendar

Theresa Stewart had comments to council regarding Council Member Williams' statements.

Maria Minney had comments regarding the job descriptions/open positions on the agenda packet.

Lavonne Hinton had questions on the Recreation Coordinator position.

a. Register Approval

Approval of general checking, payroll & direct deposit check registers Z45825-Z45865; 39263-39276; 052259-052258.

Action:

Motion: Council Member Williams/Second: Council Member Griffith

Moved to approve the general checking, payroll & direct deposit check registers Z45825-Z45865; 39263-39276; 052259-052258.

The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:

ABSENT:

ABSTAIN:

b. Minutes Approval

Approval of minutes of the Regular Meeting on June 14, 2022, the Special Budget Meeting held on June 27, 2022, and the Regular Meeting held on June 28, 2022.

Action:

Motion: Council Member Williams/Second: Vice Mayor Hansen

Moved to approve the minutes of the Regular Meeting held on June 14, 2022, Special Budget Meeting held on June 27, 2022, and the Regular Meeting held on June 28, 2022.

The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:

ABSENT:

ABSTAIN:

c. City Clerk/Assistant to the City Manager Job Classification

Approve new City Clerk/Assistant to the City Manager job classification and salary schedule.

Action:

Motion: Council Member Griffith/Second: Vice Mayor Hansen

Moved to approve the new City Clerk/Assistant to the City Manager job classification and salary schedule.

The motion passed 3/1 carried by the following voice vote:

AYES: Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES: Williams

ABSENT:

ABSTAIN:

d. Accounting Manager Job Classification

Approve revised Accounting Manager job classification and salary schedule.

Action:

Motion: Vice Mayor Hansen/Second: Council Member Griffith

Moved to approve the revised Accounting Manager job classification and salary schedule.

The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:
ABSENT:
ABSTAIN:

e. Recreation Manager Job Classification

Approve new Recreation Manager job classification and salary schedule.

Action:

Motion: Council Member Williams/Second: Council Member Griffith
Moved to approve the new Recreation Manager job classification and salary schedule.
The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini
NOES:
ABSENT:
ABSTAIN:

f. Superintendent of Public Works Job Classification

Approve revised Superintendent of Public Works job classification and salary schedule.

Action:

Motion: Council Member Griffith/Second: Vice Mayor Hansen
Moved to approve the revised Superintendent of Public Works job classification and salary schedule.
The motion passed 3/1 carried by the following voice vote:

AYES: Griffith, Vice Mayor Hansen, Mayor Domenighini
NOES: Williams
ABSENT:
ABSTAIN:

7. Discussion & Action Calendar:

a. Planning Commission Appointment

Consider appointment of the Planning Commissioner candidate recommended by the Council appointed subcommittee of Mayor Domenighini and Councilmember Griffith.

Kathy Baker had comments for council regarding the recommendation of Domenighini and Griffith.

Rose Marie Thrailkill Pellizzari was appointed to the Planning Commission for the remaining term through December 31, 2023.

Action:

Motion: Council Member Williams/Second: Vice Mayor Hansen
Moved to appoint Rose Marie Thrailkill Pellizzari to the Planning Commission remaining term through December 31, 2023.
The motion passed unanimously 4/0 carried by the following voice vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini
NOES:
ABSENT:
ABSTAIN:

b. Fill City Council Vacancy for an Unexpired Term

Call a special election for the recently vacated City Council position with a two-year unexpired term remaining and approve a resolution requesting consolidation with the Statewide General Election and the City’s general election scheduled to be held on November 8, 2022.

Action:

Motion: Vice Mayor Hansen/Second: Council Member Griffith

Moved to approve a resolution requesting consolidation with the Statewide General Election and the City’s General Election scheduled to be held on November 8, 2022.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:

ABSENT:

ABSTAIN:

c. Annual and Five-Year Mitigation Fee Act (AB 1600) Report

Adopt the Annual and Five-Year Mitigation Fee Act (AB1600) Report and Findings on Development Impact Fees for Fiscal Year Ending June 30, 2021.

Both Dennis Asbury and Roberta Asbury had comments and questions regarding this item.

Action:

Motion: Vice Mayor Hansen/Second: Council Member Williams

Moved to adopt the Annual and Five-Year Mitigation Fee Act (AB1600) Report and Findings on Development Impact Fees for Fiscal Year ending June 30, 2021.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:

ABSENT:

ABSTAIN:

d. Strike Team Salary and Hourly Pay Rate Schedule Adjustment

Approve and authorize City use of the State’s salary schedule for paying firefighters deployed under the California Fire Assistance Agreement (CFAA) or Assistance by Hire Agreement (ABH) while serving on strike teams.

Dennis Asbury had questions on this item.

Action:

Motion: Vice Mayor Hansen/Second: Council Member Griffith

Moved to approve and authorize City use of the State’s salary schedule for paying firefighters deployed under the California Fire Assistance Agreement (CFAA) or Assistance by Hire Agreement (ABH) while serving on strike teams.

The motion passed unanimously 4/0 carried by the following roll call vote:

AYES: Williams, Griffith, Vice Mayor Hansen, Mayor Domenighini

NOES:

ABSENT:

ABSTAIN:

d. Local Agency Formation Commission (LAFCO) Appointment

Appoint a new Council representative to the LAFCO Commission.

By Consensus, Council Member Griffith will serve on the LAFCO Committee for the remainder of the year.

10. Comments & Reports:

a. City Council Comments & Reports: Council gave comments/reports on activities and various meetings they attended.

b. City Manager Report:

- Wanted to thank the City Clerk Tara for her support and she will remain as a Deputy City Clerk as a back up to the new City Clerk when hired.

11. Adjournment:

The Meeting was adjourned at 8:38 p.m.

Dated: July 21, 2022

Tara Rustenhoven, Deputy City Clerk

From: Kristina Hutson <khutson@cityofwillows.org>
Sent: Wednesday, July 6, 2022 1:12 PM
To: Lisa Davis <lisadavisrealty@outlook.com>; wanger@coastlandcivil.com <wanger@coastlandcivil.com>
Cc: Leftwich@coastland.com <Leftwich@coastland.com>
Subject: RE: URGENT 153 N Lassen driveway entrance

Received. Thank you, Lisa. I have also left a voicemail for John giving him these same details.

Thank you,

Kristina Hutson
Willows Recreation Department
(530) 934-7043
khutson@cityofwillows.org

From: Lisa Davis <lisadavisrealty@outlook.com>
Sent: Wednesday, July 6, 2022 12:56 PM
To: wanger@coastlandcivil.com
Cc: Kristina Hutson <khutson@cityofwillows.org>
Subject: URGENT 153 N Lassen driveway entrance

Good Afternoon John

I was just doing a drive by one of my rentals (153 N Lassen, directly South of City Hall) and noticed that they have my driveway entryway blocked off/eliminated all together. Since that curb is so high over there, I will not be able to get into the driveway after the new sidewalk is poured. I would like to respectfully ask that it be corrected before the concrete is poured.

Thanks so much!

Lisa Davis

Davis Realty & Associates
Lisa C. Davis
BRE #01747600
211 W. Wood St.
Willows, California
95988
(530) 370-4417

Sent: Wednesday, July 6, 2022 2:38 PM

To: Lisa Davis <lisadavisrealty@outlook.com>

Cc: John Wanger <jwanger@cityofwillows.org>; Building <building@cityofwillows.org>; Karen Mantele <kmantele@cityofwillows.org>; Tara Rustenhoven <trustenhoven@cityofwillows.org>

Subject: RE: URGENT 153 N Lassen driveway entrance

Lisa:

Upon further internal discussion and review of the property file (as well as Google Earth) with the City Engineer, Building Inspector and City Planner, it appears there was never a permitted driveway on the property. In addition, the location of the desired driveway is not possible based on current zoning, setback and planning requirements, especially as it relates to traffic safety. As a result, the sidewalk and curb will be constructed to the same standards as the rest of the city block and will not include a driveway or driveway apron adjacent to your property.

Thank you.

Marti

Marti Brown
City Manager
City of Willows

Main: 530-934-7041

Cell: 530-685-0069

From: Lisa Davis <lisadavisrealty@outlook.com>
Sent: Wednesday, July 6, 2022 5:23 PM
To: Marti Brown <mbrown@cityofwillows.org>
Subject: Re: URGENT 153 N Lassen driveway entrance

Marti-

As you can see by the picture that you were provided, there IS a driveway there. It has been there, as I said earlier, some 50 years. I am not being unreasonable to expect the City to replace what was existing. What I am asking, is for this section of work to be halted until we can resolve it. This impacts the value of my property, Marti. The City never notified me, the property owner, in advance that there was to be any changes to the access to my property. Had that been done, we wouldn't be here now.

In speaking with Mr. Wanger, he understood the error and was agreeable to correct it. Then upon your direction, he has changed his tune. This leads me to believe that this is possibly retaliatory.

I am hoping that we can resolve this without any undue expense to the taxpayers of Willows. The matter can be simply resolved by putting the property back to its original condition, which in turn, will take less material. I am not asking for anything "special" or "extra" here.

However, if you continue to move forward with the current plan, I will be forced to seek remediation from the courts. If I prevail, this will be a large and unnecessary expense to the taxpayers of Willows. We will be attending Tuesdays Council meeting and will be looking forward to further discussion at that time.

Lisa Davis

Davis Realty & Associates
Lisa C. Davis
BRE #01747600
211 W. Wood St.
Willows, California
95988
(530) 370-4417

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From: Lisa Davis <lisadavisrealty@outlook.com>
Sent: Wednesday, July 6, 2022 3:43 PM
To: Marti Brown <mbrown@cityofwillows.org>
Subject: Re: URGENT 153 N Lassen driveway entrance

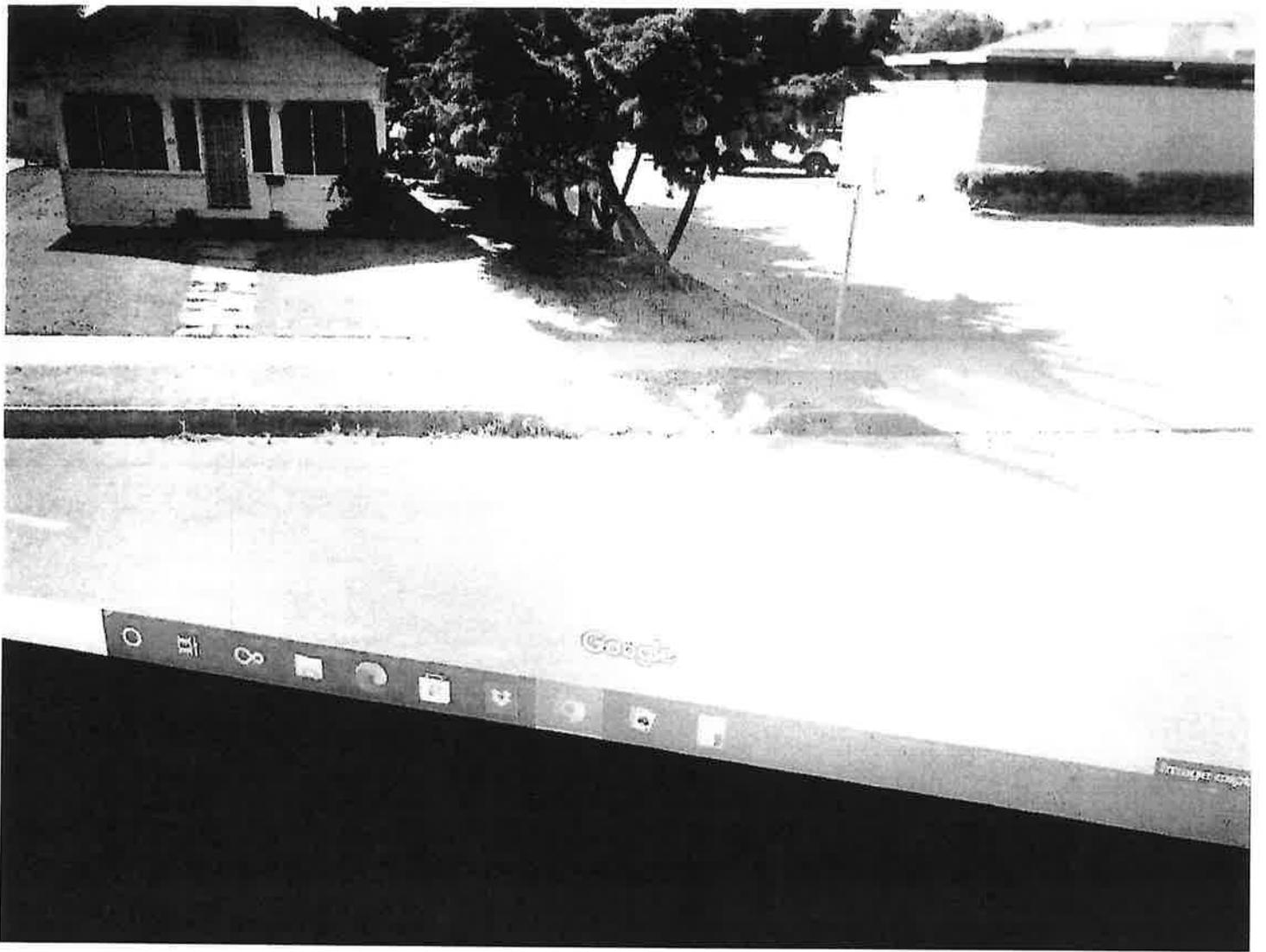
with all due respect Marti, the former Public works director as well as the former building inspector can verify that there has been a driveway in that location for many many years. It was there long before there were permits being used. This home was there long before City Hall. Because the property lines are so hokey over there, (again.. Many conversations with Mr. Soeth, and Mr. Peabody have been had about dealing with it) This driveway is and has been used for many years. this will make it virtually impossible for me to access my property.

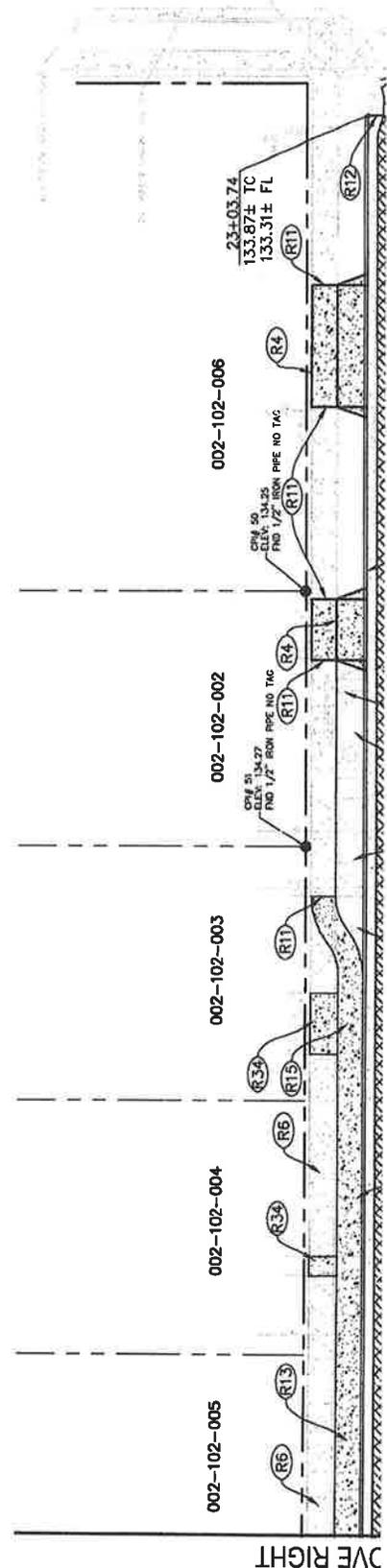
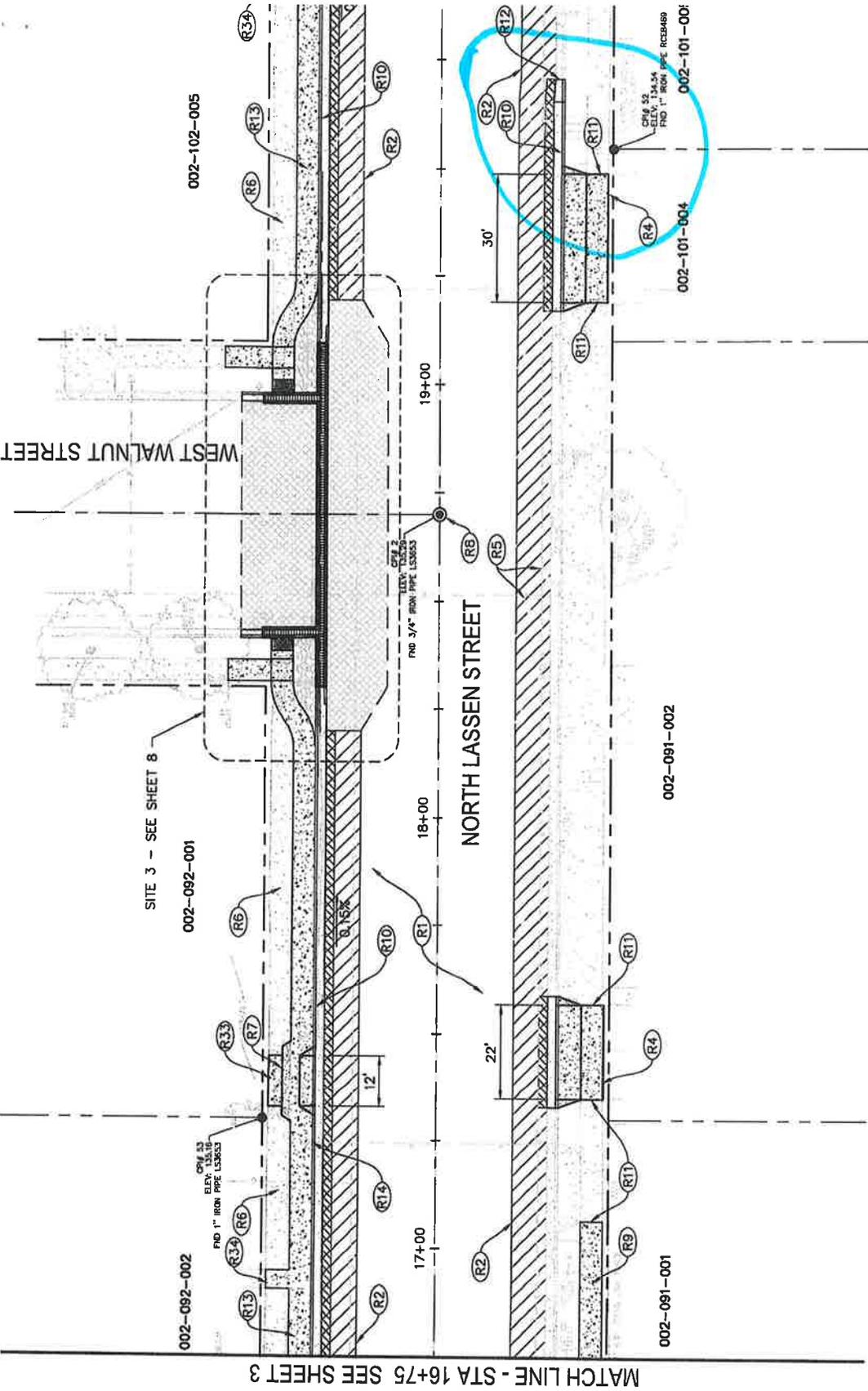
From: Lisa Davis <lisadavisrealty@outlook.com>
Sent: Wednesday, July 6, 2022 3:43 PM
To: Marti Brown <mbrown@cityofwillows.org>
Subject: Re: URGENT 153 N Lassen driveway entrance

with all due respect Marti, the former Public works director as well as the former building inspector can verify that there has been a driveway in that location for many many years. It was there long before there were permits being used. This home was there long before City Hall. Because the property lines are so hokey over there, (again.. Many conversations with Mr. Soeth, and Mr. Peabody have been had about dealing with it) This driveway is and has been used for many years. this will make it virtually impossible for me to access my property.

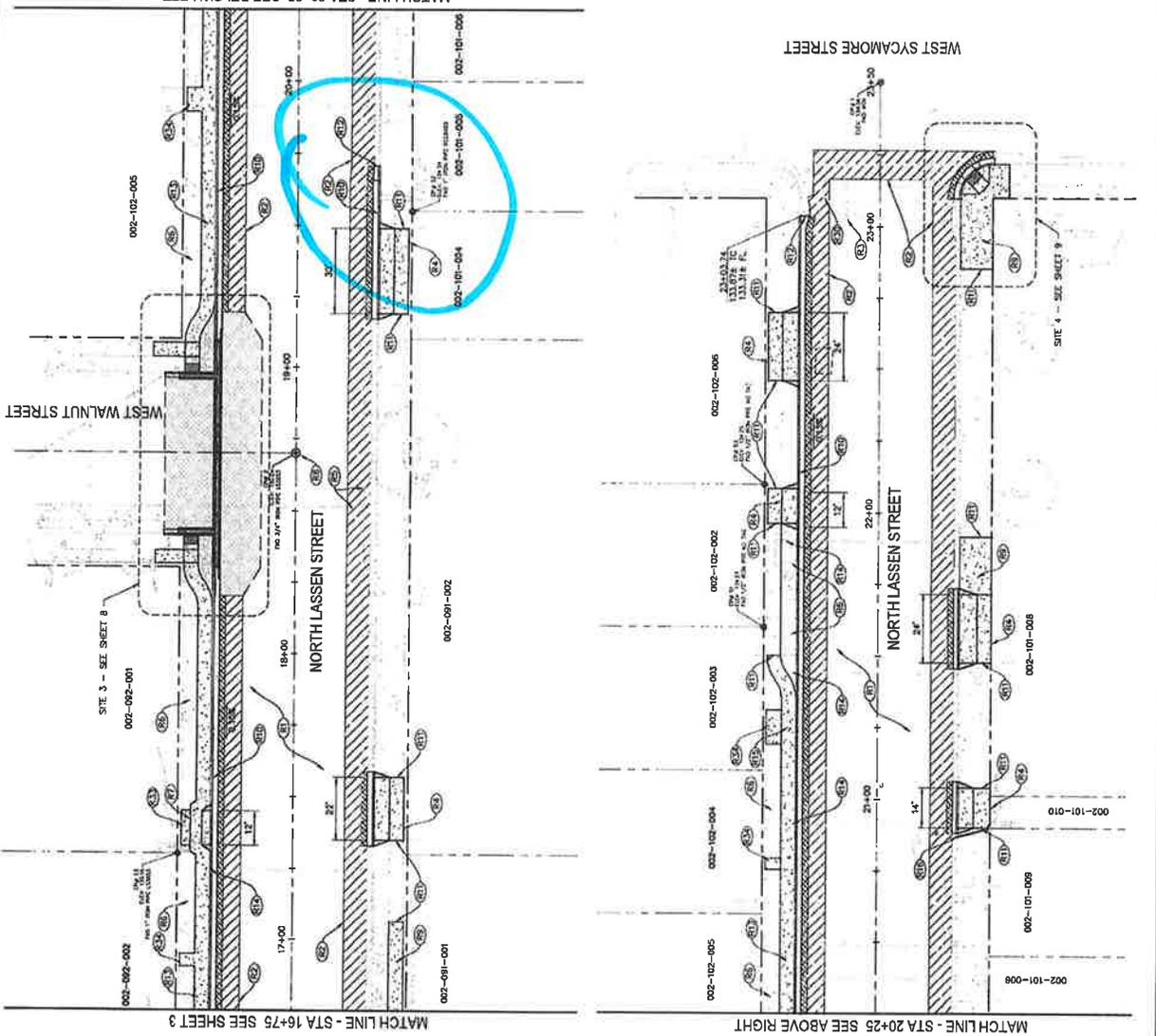
Davis Realty & Associates
Lisa C. Davis
BRE #01747600
211 W. Wood St.
Willows, California
95988
(530) 370-4417

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FOR REDUCED PLANS, THE ORIGINAL SCALE IS IN INCHES. THE SCALE IS 1" = 20'. SEE SHEET 8 FOR WEST WALNUT STREET. SEE SHEET 9 FOR WEST SYCAMORE STREET.



- CONSTRUCTION NOTES:**
- 1. CONTRACT OVERLAY PER TYPICAL SECTION (10)
 - 2. EDGE GRAD PER DETAIL (11)
 - 3. ADJUST STURM CURB MANHOLE FRAME & COVER TO GRADE PER DETAIL (12)
 - 4. REMOVE AND REPLACE CONCRETE DRIVEWAY PER DETAIL (13)
 - 5. ADJUST WATER VALVE BOX FRAME & COVER TO GRADE PER DETAIL (14)
 - 6. REMOVE EXISTING CONCRETE SIDEWALK (AC CONFORM SHALL BE 6" THICK) (15)
 - 7. REMOVE & REPLACE CONCRETE DRIVEWAY PER CITY STD 206 & 207 (16)
 - 8. INSTALL ROADWAY MONUMENT PER CITY STD. 212. (17)
 - 9. REMOVE AND REPLACE CONCRETE SIDEWALK PER CITY STD 203. (18)
 - 10. REMOVE AND REPLACE CONCRETE CURB AND GUTTER PER CITY STD 227. (19)
 - 11. CONFORM TO EXISTING SIDEWALK. (20)
 - 12. CONFORM TO EXISTING CURB AND GUTTER. (21)
 - 13. CONSTRUCT CONTIGUOUS SIDEWALK (5" WIDE) PER CITY STD. 203 AND DETAIL (22)
 - 14. ADJUST WATER METER BOX AND COVER TO GRADE. (23)
 - 15. REMOVE EXISTING CONCRETE RAMP. (24)
 - 16. REMOVE EXISTING SIDEWALK DRAIN AND CONSTRUCT NEW SIDEWALK DRAIN PER CITY STD 207. CONNECT TO EXISTING DOWN PIPE WITH FITTINGS AS REQUIRED. (25)
 - 17. ADJUST GAS VALVE FRAME AND COVER TO GRADE. (26)
 - 18. CONFORM TO EXISTING DRIVEWAY WITH NEW DRIVEWAY PER CITY STD 206. (27)
 - 19. CONFORM TO EXISTING PRIVATE SIDEWALK WITH NEW SIDEWALK PER CITY STD 203. (28)



SITE PLAN
STA. 16+75 TO STA. 23+50

CITY OF WILLOWS
NORTH LASSEN STREET REHABILITATION PROJECT

PROJECT NUMBER	77-4300
DRAWING DATE	JULY 2020
SHEET NUMBER	4 of 10

PREPARED UNDER THE DIRECTION OF

 STEVEN R. VAN SALM, P.E. 88180 DATE: JULY 24, 2020
 DESIGNED BY: JIM/WHM
 REVIEWED BY: SHM
 COPIES: 25
 707 971 8037 Fax
Coastland Civil Engineering, Inc.
 1450 Neelomas Avenue, Suite 100
 707 971 8009





PUBLIC HEARING



Date: June 28, 2022
To: Honorable Mayor and Councilmembers
From: John Wanger, City Engineer
Subject: Landscaping and Lighting Special Assessment District-Authorization to Levy Assessments

Recommendation:

Conduct the required public protest hearing, open and review any received ballots and consider the attached resolution approving the Engineer’s Report as filed, confirming the assessment diagram and amounts as set forth therein and authorizing the levy and collection of assessments for the Fiscal Year 2022-23.

Background:

The Willows Landscaping and Lighting Assessment District (“District”) was initially formed by the City in 2005 to pay for costs associated with maintaining landscaping and maintenance in the Birch Street Village subdivision; (Zone A), in accordance with the Landscaping and Lighting Act of 1972 (“Act”).

The Landscaping and Lighting Act requires that the City undertake certain proceedings for any fiscal year in which assessments are to be levied and collected. These proceeding are typically accomplished at three separate Council meetings. The first action (appointing an Engineer of Work and directing the preparation of the annual Engineer’s Report) was completed by the Council on February 8, 2022. The Second action (receiving the Preliminary Engineer’s Report and setting the date of the required public protest hearing) was completed on May 10, 2022. Tonight is the third and final step in the process, to conduct the public protest hearing, approve the Engineer’s Report as presented or as amended tonight and authorize the levy of assessments for FY 2022-23.

Attached to this staff report is the Engineer’s Report as prepared by Coastland Civil Engineering. Because the Council did not request any changes to the preliminary report filed on May 10, 2022, the proposed assessments shown in this report have not changed form the preliminary report. If there are no changes from the City Council at this time, the proposed assessments shown in the report will be passed on the County Assessor’s office for inclusion on the tax roles.

In brief, the attached report outlines costs for FY 2022-23, summarizes the projected costs for FY 2022-23 and provides the proposed overall assessments. In order to keep up with inflation, the estimated maximum annual assessments are proposed to increase by the allowable annual CPI (Year 2021) of +4.2% for Zones A, B and C. The raised maximum annual assessment for Zone a is now \$55.31 per unit, the raised maximum annual assessment for Zone B is now \$7,831.93 per unit and the raised maximum for Zone C is now \$75,382.91 for the zone.

The estimated maximum annual assessment will increase for Zone A and the actual amount that will be levied and collected during FY 2022-23 will decrease from the FY 2021-22 assessment by \$3.94 to \$125.60 per unit. This amount is below the allowed maximum annual assessment for Zone A.

The estimated maximum annual assessment will increase for Zone B and the actual amount that will be levied and collected during FY 2022-23 will decrease from the FY 2021-22 assessment by \$1,716.72 to \$0.00 per unit.

The estimated maximum annual assessment will increase for Zone C and the actual amount that will be levied and collected during FY 2022-23 will decrease from the FY 2021-22 assessment by \$2,431.64 to \$536.38 for the Zone.

In FY 2008-09, the Council adopted a reserve balance policy that 10-20% of each zone's annual operating budget be held in reserve to cover unanticipated expenses and funding delays. Zones A and C, by using excess reserves to reduce their respective assessments, are projected to have reserve balances within the policy range. Zone B, although excess reserves will be used to fund 100% of this year's budget, is projected to have a reserve balance of 21.4%, slightly above the policy range.

At tonight's meeting, the rules governing this type of an assessment district (found in the Streets and Highways Code) requires that a public protest hearing be held to hear any comments/concerns from property owners within the District. At the close of the hearing, if the Council finds the report acceptable, the Council should adopt the attached resolution approving the Engineer's Report and authorizing the levy of assessments per the Engineer's Report. The adoption of tonight's resolution is pursuant to Section 22631 of the Streets and Highways Code. The assessment information will then be transmitted to the County for the inclusion on the tax rolls.

Fiscal Impact:

All costs associated with this assessment district (operation, maintenance, and administration) are recovered through the assessments. All anticipated costs are shown in the budget in the Engineer's Report. The total proposed Assessment District budget for FY 2022-23 is \$33,843.78. The funding sources are from proposed assessment revenues levied and collected during FY 2022-23 and from existing reserves.

Notification: The public protest hearing was notice as required by the Streets and Highways Code Sections 22550-22556.

Attachment:

Attachment 1: Resolution Approving the Annual Engineer's Report

Attachment 2: Final Engineers Report

**CITY OF WILLOWS
CITY COUNCIL
RESOLUTION NO. XX-2022**

A RESOLUTION APPROVING THE ANNUAL ENGINEER’S REPORT, CONFIRMING THE ASSESSMENT DIAGRAM AND THE ANNUAL ASSESSMENT AMOUNTS AND AUTHORIZING THE LEVY AND COLLECTION OF ASSESSMENTS FOR FISCAL YEAR 2022-23 FOR THE CITY OF WILLOWS LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT (PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972)

WHEREAS, on October 11, 2005, the City Council ordered the formation of the City of Willows Landscaping and Lighting Assessment District (Assessment District) to levy and collect assessments pursuant to the Landscaping and Lighting Act of 1972; and

WHEREAS, the City Council of the City of Willows intends to levy and collect assessments within the Assessment District during FY 2022-23, and the lands to be assessed are located within the City of Willows corporate boundaries, Glenn County; and

WHEREAS, on February 8, 2022, the City Council adopted a resolution appointing Coastland Civil Engineering as the Engineer of Work, directing the preparation and filing of the annual FY 2022-23 Engineer’s Report, and describing the potential changes to the Assessment District; and

WHEREAS, on May 10, 2022, the City Council adopted a resolution of intention to levy and collect assessments, preliminarily approving the Engineer’s Report for FY 2022-23, and setting the times and dates of the public information meeting and public hearing pursuant to Section 22624 of the Streets and Highways Code; and

WHEREAS, for FY 2022-23 there are no annexations proposed in any zone; and

WHEREAS, for Zone A, in order to keep up with inflation the FY 2022-23 maximum annual assessment per unit will be adjusted up by the allowable CPI to \$551.31; and

WHEREAS, for Zone B, in order to keep up with inflation the FY 2022-23 maximum annual assessment per unit will be adjusted up by the allowable CPI to \$7,831.93; and

WHEREAS, for Zone C, in order to keep up with inflation the FY 2022-23 maximum annual assessment for the zone will be adjusted up by the allowable CPI to \$75,382.91; and

WHEREAS, the proposed FY 2022-23 annual assessment to levy and collect for Zone A is proposed to be reduced to \$125.60 per unit; and

WHEREAS, the proposed FY 2022-23 annual assessment to levy and collect for Zone B is proposed to be reduced to \$0.00 per unit; and

WHEREAS, the proposed FY 2022-23 annual assessment to levy and collect for Zone C is proposed to be reduced to \$536.38 per unit; and

WHEREAS, notice of the public protest hearing was given by publication in accordance with the Landscaping and Lighting Act of 1972; and

WHEREAS, on July 26, 2022, the City Council conducted a public hearing and gave every interested person an opportunity to comment on the FY 2022-23 Engineer’s Report either in writing or orally and the City Council has considered each comment; and

WHEREAS, this Resolution is adopted pursuant to Section 22631 of the California Streets and Highways Code.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Willows hereby:

1. Approves the annual FY 2022-23 Engineer’s Report as prepared and filed;
2. Confirms the assessment diagram and assessment amounts as set forth in the FY 2022-23 Engineer’s Report and any amendments incorporated at the City Council’s direction and hereby authorizes the levy and collection of the annual assessments set forth in said report for the FY 2022-23, for each of the following Zones:
 - Zone A – Birch Street Village
 - Zone B – Walmart
 - Zone C – South Willow Commercial and Industrial Center;
3. Adjusts the estimated maximum annual assessment for Zones A, B and C by the allowed CPI factor of +4.2% from the FY 2021-22 maximum annual assessment level as allowed by the original formation and annexation proceedings in order to keep up with inflation;
4. Sets the maximum annual assessments for FY 2022-23 to \$551.31 per unit for Zone A, \$7,831.93 per unit for Zone B and \$75,382.91 for the zone for Zone C;
5. Sets the FY 2022-23 amount to levy and collect at \$125.60 per unit for Zone A, \$0.00 per unit for Zone B and \$536.38 per unit for Zone C; and
6. Adopts this resolution pursuant to Section 22631 of the Street and Highway Code.

It is hereby certified that the foregoing Resolution No. XX –2022 was duly introduced and duly adopted by the City Council of the City of Willows at its regular meeting held on this 26th day of July 2022, by the following Roll Call vote:

AYES in favor of:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Larry Domenighini, Mayor

Tara Rustenhoven, City Clerk



**ANNUAL ENGINEER'S REPORT
FOR
CITY OF WILLOWS
LANDSCAPING & LIGHTING ASSESSMENT DISTRICT
FY 2022-23**

FOR FINAL APPROVAL

**City of Willows
County of Glenn
State of California**

June 2022

**Prepared By:
Coastland Civil Engineering, Inc.**

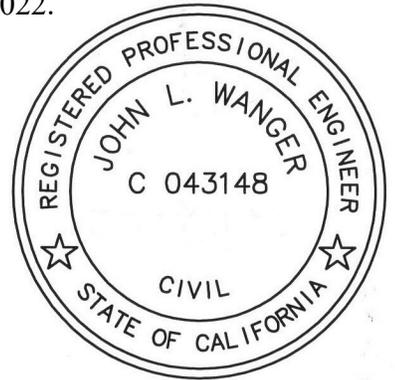
**CITY OF WILLOWS LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FY 2022-23**

(Pursuant to the Landscaping and Lighting Act of 1972)

The undersigned respectfully submits, as directed by the City Council of the City of Willows on February 8, 2022, the enclosed Engineer's Report on the 28th day of June, 2022.

COASTLAND CIVIL ENGINEERING INC.

By: John L. Wanger
John L. Wanger, RCE 43148, Exp. 3/31/24



I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was filed with me on the ____ day of _____, 2022.

By: _____
Tara Rustenhoven, City Clerk, City of Willows
Glenn County, California

I HEREBY CERTIFY that the enclosed Final Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Willows, California, on the ____ day of _____, 2022.

By: _____
Tara Rustenhoven, City Clerk, City of Willows
Glenn County, California

I HEREBY CERTIFY that the enclosed Final Engineer's Report, together with Assessment and Assessment Diagram thereto attached, was filed with the County Auditor of the County of Glenn on the ____ day of _____, 2022.

By: _____
Tara Rustenhoven, City Clerk, City of Willows
Glenn County, California

**ANNUAL ENGINEER'S REPORT FOR
CITY OF WILLOWS
LANDSCAPING & LIGHTING ASSESSMENT DISTRICT**

(Pursuant to the Landscaping & Lighting Act of 1972)

FY 2022-23

Coastland Civil Engineering, the Engineer of Work for the City of Willows Landscaping & Lighting Assessment District, City of Willows, Glenn County, California, submits this annual Engineer's Report, as directed by the City Council on February 8, 2022, pursuant to Sections 22565 and 22620 of the California Streets & Highways Code.

History of the Assessment District

The City of Willows Landscaping & Lighting Assessment District (Assessment District) was formed in October of 2005 to provide funding for the operation and maintenance of landscaping and streetlights within the public right-of-way for the Birch Street Village development, which has been designated as Zone A. In order to levy and collect assessments each fiscal year, the Landscaping & Lighting Act of 1972 requires the preparation and filing of annual Engineer's Reports. During these annual proceedings, cost estimates are developed for the operation and maintenance of the Assessment District improvements for the upcoming fiscal year. Further, as new subdivisions are created within the Willows city limits, they can be annexed into the Assessment District on an annual basis.

In FY 2012-13, Zone B was created to recover costs associated with the operation and maintenance of streetlights and half the cost of traffic signals within the public right-of-way for the Walmart Super Store on West Wood Street (State Hwy 162).

In FY 2019-2020, Zone C was created to recover operations and maintenance costs associated with the South Willows Commercial and Industrial Center.

In FY 2021-22, a new parcel, "McDonald's" was annexed into Zone B.

City of Willows Assessment District Zones and FY 2022-23 Budget

The overall proposed Assessment District budget for FY 2022-23 is \$33,843.78, which is 11% lower than last year (\$37,701.91) due to reduced maintenance costs. The following sections describe each assessment zone, its proposed budget for FY 2022-23, and any changes from the previous year.

Zone A – Birch Street Village

Zone A was created for the Birch Street Village Subdivision to provide funding for the operation and maintenance of landscaping and lighting, including turf, ground cover, shrubs, trees, plants, irrigation systems, masonry walls, fencing, entryway monuments, street lights and associated appurtenances located within the right-of-way. The location of the improvements are shown in the Assessment Diagram in Part F of this Report.

Annual landscaping expenses may include the repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code. Annual lighting expenses include utility, maintenance, and replacement costs. Administrative expenditures include the costs of managing the assessment district zone.

The FY 2022-23 Zone A assessment is proposed to be \$125.60 per unit. This is \$3.94 per unit lower than last year due to the use of excess annual reserves. The total proposed Zone A budget for FY 2022-23 is \$4,750.40. This is a 7% increase from the FY 2021-22 budget due to projected higher maintenance and utility costs.

The estimated annual reserve fund balance for Zone A is anticipated to be 20%, within the desired reserve range of 10%-20% at the end of FY 2022-23.

Zone B – Walmart

Zone B provides funding for three street lights on North Airport Road alongside the Walmart development, and two traffic signals with street lights at the intersection of North Airport Road and West Wood Street (Highway 162), as shown on the Zone B Assessment Diagram in Part F of this report.

During FY 2021-22, the McDonald's parcel was annexed into Zone B, increasing the number of parcel units in this zone from one to two.

Annual expenses include utility, maintenance, replacement, and administrative expenditures. Replacement costs for street lights and traffic signals will be funded from a 'knockdown fund', as described below under the 'Knockdown Replacement Fund' heading.

The budget for this zone is \$1,682.60. This is a 104% decrease from the FY 2021-22 budget due to lower utility and maintenance costs. The FY 2022-23 assessment is proposed to be \$0.00 per unit, which is \$1,716.72 per unit lower than last year. This is due to the fact that this zone has compiled higher reserves than the adopted City policy and reserves were able to be used to cover this year's overall assessment. No funding was contributed to the knockdown reserve fund because the maximum balance of \$5,000 has been reached.

The estimated annual reserve fund balance is anticipated to be 21%, slightly above the desired reserve range of 10%-20% at the end of FY 2022-23.

Zone C – South Willows Commercial and Industrial Center

In FY 2019-20, Zone C was created for the South Willows Commercial and Industrial Center development. Zone C covers the costs of landscape, weed abatement, and lighting improvements in the right-of-way or public parcels created as part of the South Willows Commercial and Industrial Center. The assessed improvements for the initial phase of construction included four street lights on Harvest Drive, one street light on S. Tehama Street, landscaped areas on either side of Harvest Drive and weed abatement areas on the north and south side of the development in the detention ponds created for the development. The improvements will benefit six parcels this fiscal year. These improvements are shown on the Zone C Assessment Diagram in Part F of this report.

Full buildout of this area shows further subdivision of the largest parcel which may potentially create a total of 21 buildable parcels and a wetlands area as shown on the approved tentative map for this development. Although the tentative map shows 21 parcels, the final number of parcels is subject to change in the future, as the ultimate lot configurations depend on development.

Annual landscaping expenses may include the repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code. Annual lighting expenses include utility, maintenance and replacement expenditures. Administrative expenditures include the costs of managing the assessment district zone. Replacement costs for street lights will be funded from a 'knockdown fund' and landscape replacement costs will be funded from a 'landscape replacement fund, both described below.

The FY 2022-23 budget for Zone C is \$27,410.78. This is a 9% decrease from the FY 2021-22 budget due to reduced maintenance requirements. For FY 2022-23, the assessment is proposed to be \$536.38 per unit, which is \$2,431.64 per unit lower than last year due to being able to use excess annual reserves to offset this year's assessment.

A contribution of \$750.00 was made to the streetlight knockdown replacement reserve fund, which will bring the fund's balance to \$2,750.00 at the end of the fiscal year. Annual contributions to the knockdown replacement reserve fund will be made until the maximum fund balance of \$5,000 has been reached.

The estimated annual reserve fund balance is anticipated to be 20%, within the desired reserve range of 10%-20% at the end of FY 2022-23.

Landscape Replacement Fund – Zone C

While specific budget items, such as utility, repairs, landscaping maintenance and administrative costs are incurred annually, some items, such as new mulch, irrigation and plant replacement will be required at greater intervals. Pursuant to Streets and Highways Code Section 22660, money for any non-annual line items may be collected through annual installments that the City will place in a fund specific for this work. Monies collected for any non-annual landscape maintenance item(s) are shown in Part B, of this report with the designation "Landscape Replacement".

It is anticipated that funds for new mulch will need to accumulate to \$2,000 and be expended up to once every five years, or as otherwise needed.

It is anticipated that funds for replanting will need to accumulate to \$9,000 and be expended up to once every 10 years, or as otherwise needed.

It is anticipated that funds for irrigation replacement will need to accumulate to \$18,000 and be expended up to once every twenty years, or as otherwise needed.

Annual contributions of \$2,200.00 will be made to the Landscape Replacement Fund until a balance of \$44,000 has been reached. These accumulation levels will be allowed to increase in the future if the estimated cost of these landscape maintenance items increase. This increase in costs may

increase the annual assessment however it will not increase the annual assessment higher than the maximum assessment allowed.

Knockdown Replacement Fund – Zones B and C

While most budget items, such as utility, maintenance and administrative costs are incurred annually, costs for repairing or replacing street lights and signals will be expended only upon damage or destruction of an existing light or signal. Pursuant to Code Section 22660, replacement funds will be collected in Zone B and Zone C in a knockdown fund over the course of five fiscal years through annual installments. Monies collected for this purpose are shown in Part B of this report under the heading “Knockdown Replacement”. The knockdown replacement fund will accumulate to a maximum \$5,000 balance, with the maximum balance allowed to increase in the future if the estimated replacement cost increases. Once this maximum balance is reached, there will be no additional accumulation of funds for that budget item until an expenditure to replace or repair a knocked-down light has occurred, or the estimated replacement cost has increased. Once the knockdown funds are expended, the rebuilding of the fund will start in the following year’s budget and spread over a maximum of five years.

Cost Index Information – All Zones

In order to take inflation into account and to recognize noticing/voting requirements for increasing the assessments, this Assessment District includes an allowance for an annual increase to the estimated Maximum Annual Assessments in accordance with the annual Consumer Price Index (CPI). The annual CPI is based on the All Urban Consumers (San Francisco Area) CPI from the U.S. Department of Labor, Bureau of Labor Statistics. All new zones to be annexed into this district are also to include an allowance for an annual increase to the Maximum Annual Assessments in accordance with the same CPI.

For FY 2022-23, the maximum annual assessment for Zones A, B and C are proposed to be adjusted up by +4.2% as allowed by the latest annual (2021) CPI.

Proposition 218 and Special Benefits

In 1996, California voters approved Proposition 218 which grants local governments the ability to create assessment districts, and to levy and collect assessments. This law, now a part of the California Constitution (Articles XIII C and XIII D), stipulates that a parcel’s assessment may not exceed the reasonable cost of the proportional special benefit conferred upon that parcel. “Special benefit” is defined as “a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.

The Annual Engineer’s Report must identify the special benefits conferred upon assessed parcels through the improvements and services funded by the District. The Report must also identify any general benefit conferred upon the public at large by those same improvements and services. The annual costs of said improvements and services must be apportioned between the two. The cost of services attributable to a general benefit may not be assessed.

For the City of Willows, the special benefits and general benefits provided by the various improvements, where furnished through the Assessment Districts, are described below.

Benefits of Landscaping

Landscaping improvements may include turf, mulch, plantings, irrigation systems, masonry walls, fencing, and landscape appurtenances. These landscaping improvements provide the following special benefits to each assessed parcel within the zone:

- Enhanced desirability of properties through association with the landscaping,
- Improved aesthetic appeal of the neighborhood, and
- Improved air quality from additional vegetation.

Each assessed parcel within a zone receives a particular and distinct special benefit from the maintenance of the landscaping within that zone even though the landscaping may not be adjacent to each parcel. Further, although members of the general public may walk or drive through a zone and appreciate the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large.

Benefits of Street Lighting

Street lighting provided by the Assessment District must meet adopted City standards for lighting, including spacing requirements. Therefore, each assessed parcel within the zone receives approximately equal and special benefit for:

- Enhanced neighborhood, pedestrian and vehicle safety, and
- Increased neighborhood, pedestrian and vehicle security.

Each assessed parcel within a zone receives a particular and distinct special benefit from the lighting and maintenance thereof within that zone even though the lights may not be adjacent to each parcel.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting, this does not necessarily confer a general benefit to the public at large.

Benefits of Enhanced Traffic Control

The maintenance of traffic control improvements may include the utility costs, maintenance and replacement of traffic signals and street lighting. Traffic control often provides a combination of special and general benefits, which may include:

- Enhanced pedestrian and vehicle safety,
- Ease of access/egress, and
- Improved safety of the intersection.

Each assessed parcel within a zone receives a particular and distinct special benefit from the maintenance of the traffic control improvements within that zone even though there may be another access route to that parcel.

The general public may also benefit from improved traffic control, particularly when the improvements are located on highways and major arterial roads that serve many parcels outside of the assessed zone. The portion of enhanced safety and accessibility resulting from traffic control improvements conferred upon the public must be quantified and separated from the portion of special benefits conferred upon the assessed properties for each zone.

FY 2022-23 Engineer's Report Format

This Engineer's Report consists of the following Parts:

- PART A Plans and Specifications (Page 9)** - This portion of the Engineer's Report describes any plans and specifications that may be needed for the installation of the improvements. If plans and specifications exist, they are filed with the City Clerk. Although separately bound, the plans and specifications are part of this Engineer's Report and are included in it by reference.
- PART B Budget Cost Estimates (Page 10)** – Budget cost estimates associated with the operations and maintenance of the described improvements for each Zone are described in Part B of this report. In addition to an overall budget summary for Zone A, Zone B, and Zone C, a detailed FY 2022-23 Budget sheet and a FY 2022-23 Summary of Fund Balance sheet is provided for each Zone.
- PART C Assessment (Page 17)** – A listing of the annual assessment on each benefited parcel of land in Zone A, Zone B, and Zone C within the Assessment District. The assessment amount is the estimated cost each parcel will contribute during FY 2022-23 towards the operation and maintenance of their respective Zone within the Assessment District, as well as their portion of the 5-year installment payment for the installation of the improvements.
- PART D Method of Apportionment of Assessment (Page 20)** - A statement of the method used by Engineer of Work to determine the amount proposed to be assessed against each parcel within Zone A, Zone B, and Zone C of the Assessment District. Additionally, this section describes the maximum assessment allowable and any inflationary adjustments.
- PART E Property Owners List (Page 25)** - Names and addresses of the owners of real property listed within for this Assessment District, as shown on the last equalized assessment roll for taxes. The Assessor Parcel Number (A.P.N.) keys the list into the Assessment Roll of Part C.
- PART F Assessment Diagrams (Page 28)** – The Assessment Diagrams (maps) showing all of the parcels of real property within Zone A, Zone B, and Zone C of the Assessment District. The assessment number keys the diagram Part C – Assessment Roll.

PART A

PLANS AND SPECIFICATIONS

The Assessment District provides funds for the operation and maintenance of landscaping and street lights located in the public rights-of-way in Zone A and operation, maintenance of street lights and traffic signals in public rights-of-way in Zone B, maintenance of landscaping, weed abatement and street lights located in the public rights-of-way and public parcels in Zone C. Maintenance may include repair, removal or replacement of any landscape improvement, damaged irrigation facilities, diseased landscaping, weed and brush clearing, maintenance or replacement of street lights or traffic signals, landscape plantings and irrigation and any other allowable maintenance items per Section 22531 of the California Streets and Highways Code for the life of the Assessment District. Because the installation of the improvements is funded by this assessment district, the plans and specifications showing the improvements for Zone A are on file at the City offices for the Birch Street Village development. The plans and specifications showing the improvements for Zone B are on file at the City offices for the Walmart Super Store development. The plans and specifications showing the improvements for Assessment District Zone C are on file at the City offices for the South Willows Commercial and Industrial Center development.

PART B
FY 2022-23 Budget Cost Estimates

For FY 2022-23, the total budget summary for Willows Landscaping & Lighting Assessment District is as follows:

	<u>As Filed With the City</u>	<u>As Preliminarily Approved</u>	<u>As Finally Approved At the Public Hearing</u>
Zone A:	\$ 4,750.40	\$ 4,750.40	\$ -
Zone B:	\$ 1,682.60	\$ 1,682.60	\$ -
Zone C:	\$ 27,410.78	\$ 27,410.78	\$ -
Total:	\$ 33,843.78	\$ 33,843.78	\$ -

Detailed budgets for Zones A, B and C are provided in this section. Also included is the Summary of Fund Balance sheet for each zone.

CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone A - Birch Street Village
Budget

Item	2021-22 Budget	2022-23 Budget
Engineers Report	\$1,247.50	\$1,166.00
Legal Services	\$100.00	\$100.00
Landscape Maintenance	\$1,400.00	\$2,500.00
Lighting Utilities & Maintenance	\$1,300.00	\$600.00
County Assessor Fees (3.5% of Revenue)	\$154.15	\$166.26
Contingency	\$202.71	\$218.14
Total Expenses	\$4,404.36	\$4,750.40
Contribution from Reserves	\$0.00	\$480.00
Total Assessment Costs	\$4,404.36	\$4,270.40
Total Assessment Revenue	\$4,404.36	\$4,270.40
Estimated Number of Units in Zone A	34.0	34.0
Proposed Assessment per Unit for Zone A*	\$129.54	\$125.60

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

**CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone A - Birch Street Village
Summary of Fund Balance**

	<u>2022-23</u>
Estimated Starting Reserve Fund on July 1	\$1,401.03
Estimated Interest Earned	\$10.00
Estimated Revenue	\$4,270.40
Total Estimated Funds Available	\$5,681.43
Total Estimated Expenditures	\$4,750.40
Estimated Ending Reserve Fund on June 30	\$931.03

CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone B - Walmart
Budget

Item	2021-22 Budget	2022-23 Budget
Engineers Report	\$920.30	\$376.10
Legal Services	\$100.00	\$100.00
Lighting Utilities & Maintenance	\$1,991.70	\$1,000.00
Knockdown Replacement	\$0.00	\$0.00
County Assessor Fees (3.5% of Revenue)	\$120.17	\$58.89
Contingency	\$301.27	\$147.61
Total Expenses	\$3,433.44	\$1,682.60
Contribution from Reserves	\$0.00	\$1,682.60
Total Assessment Costs	\$3,433.44	\$0.00
Total Assessment Revenue	\$3,433.44	\$0.00
Estimated Number of Units in Zone B	2.0	2.0
Proposed Assessment per Unit for Zone B*	\$1,716.72	\$0.00

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone B - Walmart
Summary of Fund Balance

	<u>2022-23</u>
Est. Starting Annual Reserve Fund on July 1	\$2,043.00
Est. Starting Knockdown Reserve Fund on July 1	\$5,000.00
 Estimated Interest Earned	 \$0.00
 Estimated Annual Revenue	 \$0.00
Estimated Knockdown Revenue	\$0.00
 Total Estimated Annual Funds Available	 \$2,043.00
Total Estimated Knockdown Funds Available	\$5,000.00
 Total Estimated Annual Expenditures	 \$1,682.60
Total Estimated Knockdown Expenditures	\$0.00
 Est. Ending Annual Reserve Fund on June 30	 \$360.40
Est. Ending Knockdown Reserve Fund on June 30	\$5,000.00

CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone C - S. Willows Commercial and Industrial Center
Budget

Item	2021-22 Budget	2022-23 Budget
Engineers Report	\$7,397.20	\$5,937.90
Legal Services	\$750.00	\$100.00
Weed Abatement	\$11,250.00	\$11,000.00
Landscape Maintenance & Utilities	\$4,272.00	\$4,300.00
Lighting Utilities & Maintenance	\$487.50	\$487.50
Knockdown Replacement Funding	\$750.00	\$750.00
Landscape Replacement Funding	\$2,200.00	\$2,200.00
County Assessor Fees (3.5% of Revenue)	\$786.34	\$751.55
Contingency	\$1,971.07	\$1,883.83
Total Expenses	\$29,864.11	\$27,410.78
Contribution from Reserves	\$13,540.00	\$24,460.69
Total Assessment Costs	\$16,324.11	\$2,950.09
Total Assessment Revenue	\$16,324.11	\$2,950.09
Estimated Number of Units in Zone C	5.5	5.5
Proposed Assessment per Unit for Zone C*	\$2,968.02	\$536.38

* This is less than the maximum allowed. See Maximum Allowable Assessment Analysis.

CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Zone C - S. Willows Commercial and Industrial Center
Summary of Fund Balance

	<u>2022-23</u>
Est. Starting Annual Reserve Fund on July 1	\$30,007.00
Est. Starting Knockdown Reserve Fund on July 1	\$2,000.00
Est. Starting Landscape Replacement Reserve Fund on July 1	\$4,950.00
 Estimated Interest Earned	 \$0.00
 Estimated Annual Revenue collected	 \$0.09
Estimated Knockdown Replacement Revenue collected	\$750.00
Estimated Landscape Replacement Revenue collected	\$2,200.00
 Total Estimated Funds Available	 \$39,907.09
 Total Estimated Annual Expenditures	 \$24,460.78
Estimated Knockdown Expenditure	\$0.00
Total Estimated Landscape Replacement Expenditures	\$0.00
 Est. Ending Annual Reserve Fund on June 30	 \$5,546.31
Est. Ending Knockdown Reserve Fund on June 30	\$2,750.00
Est. Ending Landscape Replacement Reserve Fund on June 30	\$7,150.00

PART C

FY 2022-23 ASSESSMENT ROLL

The total proposed Assessment District revenues for FY 2022-23 consist entirely of assessments associated with Zones A, B, and C, as follows:

\$ 4,270.40	From Zone A
\$ 0.0	From Zone B
<u>\$ 2,950.09</u>	<u>From Zone C</u>
\$ 7,220.49	Total Assessment Revenue

The breakdown of FY 2022-23 annual assessments per parcel is shown in Table 1 of this report. The lines and dimensions of each parcel are shown on the maps in the office of the County Assessor of the County of Glenn.

Table 1
CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23

Zone A - Birch Street Village

APN	Assessment Diagram Number	Land Use Code	Land Use Type	Units	Assessment Amount	Owner Name	Address
001-071-009-000	26	R1XX	Single Family	1	\$125.60	Tovar, Bradford & Tovar, Jillian Mc Garr	320 S. Humboldt Ave Willows, CA 95988
001-071-010-000	27	R1XX	Single Family	1	\$125.60	Nungaray, Jose T A & Arteaga Lorena C J/T	330 S Humboldt Ave, Willows, CA 95988
001-071-011-000	28	R1XX	Single Family	1	\$125.60	Medina Humberto	340 S Humboldt Ave, Willows, CA 95988
001-071-012-000	29	R1XX	Single Family	1	\$125.60	Pollock Robert R	350 S Humboldt Ave, Willows, CA 95988
001-071-013-000	30	R1XX	Single Family	1	\$125.60	Baczkowski, Thomas W.	360 S Humboldt Ave, Willows, CA 95988
001-071-014-000	31	R1XX	Single Family	1	\$125.60	Gonzalez, Sthefany Padilla & Ochoa, Ramon G J/T	370 S. Humboldt Ave, Willows, CA 95988
001-071-015-000	32	R1XX	Single Family	1	\$125.60	Towes, Randel & Roberta J/T	380 S. Humboldt Ave, Willows, CA 95988
001-071-016-000	33	R1XX	Single Family	1	\$125.60	Hernandez J A Palomino & Palomino Hilda	1330 W. Humboldt Ave, Willows, CA 95988
001-071-017-000	34	R1XX	Single Family	1	\$125.60	Cox, Thomas L Jr. S/S	1320 W. Humboldt Ave, Willows, CA 95988
001-071-018-000	16	R1XX	Single Family	1	\$125.60	Kumar Priti	199 N Humboldt Ave, Willows, CA 95988
001-071-019-000	15	R1XX	Single Family	1	\$125.60	Street Amy L & Street Timothy R	451 El Dorado Ave, Willows, CA 95988
001-071-020-000	14	R1XX	Single Family	1	\$125.60	Thornton, Michael R ETAL	461 El Dorado Ave, Willows, CA 95988
001-071-021-000	17	R1XX	Single Family	1	\$125.60	Buskirk, Patricia A	PO Box 634, Willows, CA 95988
001-071-022-000	18	R1XX	Single Family	1	\$125.60	Donnelly, Michael D & Carolyn M	421 El Dorado Ave, Willows, CA 95988
001-071-023-000	19	R1XX	Single Family	1	\$125.60	Martinez, Ramiro Licea & Licea Yesenia J/T	381 El Dorado Ave, Willows, CA 95988
001-071-024-000	20	R1XX	Single Family	1	\$125.60	Ngo Cuong Bach & Tra Thuy Thanh Thi TRS	371 El Dorado Ave, Willows, CA 95988
001-071-025-000	21	R1XX	Single Family	1	\$125.60	Feeney, Kevin S/S	65 Lindauer Lane, Red Bluff, CA 96088
001-071-026-000	22	R1XX	Single Family	1	\$125.60	Arias Ana	351 El Dorado Ave, Willows, CA 95988
001-071-027-000	23	R1XX	Single Family	1	\$125.60	Baker Nicole C	341 El Dorado Ave, Willows, CA 95988
001-071-028-000	24	R1XX	Single Family	1	\$125.60	Zarate Fransico & Gabriela R J/T	331 El Dorado Ave, Willows, CA 95988
001-071-029-000	25	R1XX	Single Family	1	\$125.60	Clark Janie C TRS	321 El Dorado Ave, Willows, CA 95988
001-071-030-000	13	R1XX	Single Family	1	\$125.60	Lederer, Eric M	PO Box 1298, Willows, CA 95988
001-071-031-000	12	R1XX	Single Family	1	\$125.60	Hernandez Jaime & Hernandez Gabriela	320 El Dorado Ave, Willows, CA 95988
001-071-032-000	11	R1XX	Single Family	1	\$125.60	Barragan, Ruban J.	330 El Dorado Ave, Willows, CA 95988
001-071-033-000	10	R1XX	Single Family	1	\$125.60	Jaramillo Jose Luis & Jaramillo Brenda	340 El Dorado Ave, Willows, CA 95988
001-071-034-000	9	R1XX	Single Family	1	\$125.60	Sigala, Yesenia J & Reymundo J/T	350 El Dorado Ave, Willows, CA 95988
001-071-035-000	8	R1XX	Single Family	1	\$125.60	Hancock, Jacob B & Terri J/t	360 El Dorado Ave, Willows CA 95988
001-071-036-000	7	R1XX	Single Family	1	\$125.60	Corriea Larry G	475 S Culver St, Willows, CA 95988
001-071-037-000	6	R1XX	Single Family	1	\$125.60	Salas, Crystal A & Sengmany, Rakxat J/T	380 El Dorado Ave, Willows, CA 95988
001-071-038-000	5	R1XX	Single Family	1	\$125.60	Bobadilla, Pedro D & Raygoza Marisol J/T	410 El Dorado Ave, Willows, CA 95988
001-071-039-000	4	R1XX	Single Family	1	\$125.60	Gutierrez, Alejandro & Gutierrez Ashley M J/T	420 El Dorado Ave, Willows, CA 95988
001-071-040-000	3	R1XX	Single Family	1	\$125.60	Drazkowski Tonia & Scott Lindsay B Co Trs	PO Box 434, Sea Ranch, CA 95497
001-071-041-000	2	R1XX	Single Family	1	\$125.60	Irwin Dennis L	440 El Dorado Ave, Willows, CA 95988
001-071-042-000	1	R1XX	Single Family	1	\$125.60	Southam Boyd & Southam Stephanie	450 El Dorado Ave, Willows, CA 95988
Lot A	Lot A	Null	Easement	0	\$0.00	Null	Null
Total				34	\$4,270.40		

Table 1 (continued)

Zone B - Walmart

APN	Assessment Diagram Number	Land Use Code	Land Use Type	Units	Assessment Amount	Owner Name	Address
017-210-050-000	45	CE/ML/PD	Gen. Commercial/ Light Manufacturing/ Planned Development	1	\$0.00	McDonalds USA LLC	611 Country Dr, Chico CA 95928
017-210-052-000	35	CEXX	Commercial Retail Outlet	1	\$0.00	Walmart RE Business Trust c/o Walmart Tax Dept #2053	P.O. Box 8050, Bentonville, AR 72712-8050
Total				2	\$0.00		

Zone C - S. Willows Commercial and Industrial Center

APN	Assessment Diagram Number	Land Use Code	Land Use Type	Units	Assessment Amount	Owner Name	Address
017-170-034-000	36	GVXX	Governmental Vacant	0	\$0.00	City of Willows	201 North Lassen St, Willows, CA 95988
017-170-037-000	37	GXXX	Governmental Waste	0	\$0.00	City of Willows	201 North Lassen St, Willows, CA 95988
017-170-051-000	38	RVAX	Residential Vacant, Ag	0.5	\$268.19	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-001-000	41	RVAX	Residential Vacant, Ag	0	\$0.00	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-002-000	40	RVAX	Residential Vacant, Ag	1	\$536.38	Snow Mountain Properties LLC	1629 Co Rd E, Willows CA 95988
017-350-003-000	39	RVAX	Residential Vacant, Ag	1	\$536.38	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-007-000	42	RVAX	Residential Vacant, Ag	1	\$536.38	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-008-000	43	RVAX	Residential Vacant, Ag	1	\$536.38	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-009-000	44	RVAX	Residential Vacant, Ag	1	\$536.38	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
Total				5.5	\$2,950.09		

PART D

METHOD OF APPORTIONMENT OF ASSESSMENT

This section describes the manner by which the annual assessment has been apportioned (spread) to the assessed parcels within each Zone:

Zone A – Birch Street Village

Zone A includes the maintenance of the landscaping and street lighting located within the right-of-way of Birch Street Village. The parcels within the zone receive a direct and special benefit from the landscaping and street lighting, which include enhanced desirability of properties within the zone, improved aesthetic appeal of the neighborhood, improved air quality, enhanced safety and security for the neighborhood, pedestrians, and vehicles.

Although members of the general public may walk or drive through a zone and appreciate the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land use codes from the County of Glenn were used to determine the basic use units assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone A:

1. Developed parcel	1 unit
2. Vacant, developable parcel	½ unit
3. Undevelopable parcel	0 units

Accordingly, the annual assessment cost per parcel shall be obtained by dividing the total Zone A annual assessment cost by the total number of units within Zone A.

Zone B – Walmart

Zone B includes the maintenance of three street lights on North Airport Boulevard and a portion of a 4-way traffic signal with street lights at the intersection of West Wood Street and North Airport Road. The special and general benefits for each improvement, and the portions thereof, are described below.

Street Lights

The two parcels within Zone B, Walmart and McDonald's, receive direct and special benefits from the street lights on North Airport Boulevard. The special benefits include enhanced safety and security for the neighborhood, pedestrians, and vehicles. Each parcel within the zone receives a particular and distinct special benefit from the lighting and maintenance thereof within that zone even though the lights may not be adjacent to each parcel.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land Use codes as received from the County of Glenn are used to determine the basic use units to be assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone B:

1. Developed parcel	1 unit
2. Vacant, developable parcel	½ unit
3. Undevelopable parcel	0 units

Accordingly, the annual assessment cost per parcel shall be obtained by dividing the total Zone B annual assessment cost by the total number of units within Zone B.

Traffic Signal:

The four-way traffic signal system, consisting of four traffic signals, street lighting and controller, was installed at the intersection of West Wood Street and North Airport Road to address traffic congestion resulting from the expanded Walmart Super Store. Prior to the Walmart development, there was no need for a traffic signal at this intersection.

The parcels within Zone B, receive direct and special benefits from the 4-way traffic signal. These special benefits include enhanced safety and security for the neighborhood, pedestrians, and vehicles, as well as ease of access and egress, and improved safety of the intersection. West Wood Street also carries traffic not associated with Zone B, and therefore the enhanced traffic control also confers a general benefit to the public at large.

The enhanced traffic control provided to north/south traffic on North Airport Road is considered to be a special benefit principally to Zone B as the traffic control in that direction serves their primary entrance to the north. Comparatively, there is very little traffic directed to the south, which serves the local Willows airport, and the general benefit provided in this direction is considered negligible.

The enhanced traffic control provided to east/west traffic along State Highway 162 is considered to provide primarily a general benefit to the public at large.

Therefore, the direct and special benefits provided to Zone B for improved traffic control in the north-south direction is considered to be one-half of the total traffic control benefits. The remaining one-half of the traffic control benefits, conferred on east-west traffic along State Highway 162, is considered a general benefit to the public.

The annual assessment cost for special benefits conferred to Zone B for traffic control shall be one-half of the total costs of providing and maintaining the 4 signals, lights and controller plus associated costs. The remainder of the costs associated with this signal is paid for by Caltrans, as West Wood Street is a State highway. This is indicated on the Assessment Diagram as 2 traffic signals.

Accordingly, the method by which the two Zone B parcels shall be assessed for traffic signal costs is determined by dividing the Zone B traffic signal costs by the total number of parcels within Zone B. The Zone B traffic signal costs include the cost of maintenance and operation of the City's portion of the traffic signal (including lights), half the cost of the controller, and the administrative costs associated with this zone.

A knockdown replacement fund is established for Zone B to cover expenses associated with replacing a streetlight if it is damaged or destroyed by a vehicle. The overall knockdown fund cost

to be accumulated over a 5-year period is \$5,000 (estimated expenses for manpower and equipment for replacing one streetlight). Once a fund balance of \$5,000 is attained, no additional monies shall be collected for this fund until/unless there is the need to replace one of the streetlights. The method to collect this portion of the assessment is the same as streetlights.

Zone C – South Willows Commercial and Industrial Center

Zone C includes weed abatement, and the maintenance of landscaping and street lighting located within the South Willows Commercial and Industrial Center. The parcels within the zone receive a direct and special benefit from the weed abatement, landscaping and street lighting, which include enhanced desirability of properties within the zone, improved aesthetic appeal of the neighborhood, improved air quality, and enhanced safety and security for the neighborhood, pedestrians, and vehicles.

Although members of the general public may walk or drive through a zone and appreciate the increased safety and security resulting from improved street lighting or the aesthetic appeal of the maintained landscaping, this does not necessarily confer a general benefit to the public at large and, in any case, is determined to be negligible relative to the special benefits conferred upon the parcels within a particular zone.

Land Use codes as received from the County of Glenn are used to determine the basic use units to be assigned to each parcel. The following basic use units reflect the relative special benefit accruing to parcels of land within Zone C:

1. Developed parcel	1 unit
2. Vacant, developable parcel	½ unit
3. Undevelopable parcel	0 units

Accordingly, the annual assessment cost per unit shall be obtained by dividing the total Zone C annual assessment cost by the total number of units within Zone C.

A knockdown replacement fund will be established for Zone C to cover expenses associated with replacing a streetlight if it is damaged or destroyed by a vehicle. At this time, the overall knockdown fund cost to be accumulated over a 5-year period is \$5,000 (estimated expenses for manpower and equipment for replacing one streetlight). Once a fund balance of \$5,000 is attained, no additional monies shall be collected for this fund until there is the need to replace one of the streetlights.

The Zone C total knockdown replacement fund to be accumulated over 5 years is \$5,000. This amount, \$5,000, divided by five years equals an annual knockdown replacement cost of \$1,000.

The annual knockdown replacement cost per unit shall be obtained by dividing the Zone C annual knockdown replacement cost (\$1,000) by the total number of units within Zone C (as defined in this section above).

A landscape replacement fund will be established for Zone C to cover expenses associated with long-term landscaping items such as new bark mulch, plants, and replacement of the irrigation system, as needed. The overall landscape replacement fund costs are as follows:

Landscape Replacement Fund Costs

New bark mulch to be replaced every five years:	\$2,000	(\$8,000 over 20 years)
New plants to be replaced over 10 years:	\$9,000	(\$18,000 over 20 years)
Irrigation system replacement every 20 years:	\$18,000	<u>(\$18,000 over 20 years)</u>
		\$44,000 over 20 years

The total landscape replacement fund to be accumulated over 20 years is \$44,000. This amount, \$44,000, divided by twenty years equals an annual landscape replacement fund of \$2,200 for this zone.

The annual landscape replacement cost per unit shall be obtained by dividing the annual landscape replacement fund cost (\$2,200) by the total number of units within Zone C (as defined in this section above).

MAXIMUM ALLOWABLE ASSESSMENT AND INFLATIONARY FACTORS

In 2005, the original Engineer's Report stated that assessments may be adjusted each year to account for inflation of costs and services in accordance with the Bay Area (San Francisco-Oakland-San Jose) Consumer Price Index (CPI) for all urban consumers, or 3%, whichever is greater. An Annual CPI increase has been applied for each year, however it should be noted that, due to the economic climate, from FY 2010-11 through FY 2016-17 and from FY 2020-21 through FY 2021-22, the implemented increase was less than 3%.

The CPI adjustments to the Maximum Allowable Assessment from FY 2016-17 through FY 2022-23 are shown as follows:

Maximum Allowable Assessment								
Assessment Year	Annual CPI Increase		Zone A Birch Street Village		Zone B Walmart		Zone C S. Willows Commercial & Industrial Center	
	Year	%	Allowed Adjustment Amount	Total Assessment Maximum (per Unit)	Allowed Adjustment Amount	Total Assessment Maximum (per Unit)	Allowed Adjustment Amount	Total Assessment Maximum (per Zone)
FY 2016-17	2015	2.60%	\$11.69	\$461.34	\$166.08	\$6,553.66		
FY 2017-18	2016	3.00%	\$13.84	\$475.18	\$196.61	\$6,750.27		
FY 2018-19	2017	2.90%	\$13.78	\$488.96	\$195.76	\$6,946.03		
FY 2019-20 Zone C original Assessment	2018	3.50%	\$17.11	\$506.07	\$243.11	\$7,189.14		\$69,196.02
FY 2020-21	2019	2.50%	\$12.65	\$518.72	\$179.73	\$7,368.87	\$1,729.90	\$70,925.92
FY 2021-22	2020	2.00%	\$10.37	\$529.09	\$147.38	\$7,516.25	\$1,418.52	\$72,344.44
FY 2022-23	2021	4.20%	\$22.22	\$551.31	\$315.68	\$7,831.93	\$3,038.47	\$75,382.91

Actual assessment amounts to be collected do not have to be set at the maximum assessment. Establishing the maximum available assessment each year and keeping up with inflation allows the assessments to be increased to this maximum amount sometime in the future if costs associated with this Assessment District increase (e.g. if in any year there are unanticipated expenditures due to such things as vandalism) and will preclude having to go through electorate approval per California Constitution Article XIII C, Section 2(b).

PART E**FY 2022-23 PROPERTY OWNERS LIST**

The names and addresses of each of the property owners as shown on the County of Glenn Assessor's Tax Assessment Roll are shown in Table 2. The names and addresses have been keyed to the special assessment number (the assessor parcel number) as shown in Part C of this Engineer's Report.

Table 2
CITY OF WILLOWS
Landscaping and Lighting Assessment District
Fiscal Year 2022-23
Property Owner's List

APN	Assessment Diagram Number	Owner Name	Mailing Address
001-071-009-000	26	Tovar, Bradford & Tovar, Jillian Mc Garr	320 S. Humboldt Ave Willows, CA 95988
001-071-010-000	27	Nungaray, Jose T A & Arteaga Lorena C J/T	330 S Humboldt Ave, Willows, CA 95988
001-071-011-000	28	Medina Humberto	340 S Humboldt Ave, Willows, CA 95988
001-071-012-000	29	Pollock Robert R	350 S Humboldt Ave, Willows, CA 95988
001-071-013-000	30	Baczkowski, Thomas W.	360 S Humboldt Ave, Willows, CA 95988
001-071-014-000	31	Gonzalez, Sthefany Padilla & Ochoa, Ramon G J/T	370 S. Humboldt Ave, Willows, CA 95988
001-071-015-000	32	Towes, Randel & Roberta J/T	380 S. Humboldt Ave, Willows, CA 95988
001-071-016-000	33	Hernandez J A Palomino & Palomino Hilda	1330 W. Humboldt Ave, Willows, CA 95988
001-071-017-000	34	Cox, Thomas L Jr. S/S	1320 W. Humboldt Ave, Willows, CA 95988
001-071-018-000	16	Kumar Priti	199 N Humboldt Ave, Willows, CA 95988
001-071-019-000	15	Street Amy L & Street Timothy R	451 El Dorado Ave, Willows, CA 95988
001-071-020-000	14	Thornton, Michael R ETAL	461 El Dorado Ave, Willows, CA 95988
001-071-021-000	17	Buskirk, Patricia A	PO Box 634, Willows, CA 95988
001-071-022-000	18	Donnelly, Michael D & Carolyn M	421 El Dorado Ave, Willows, CA 95988
001-071-023-000	19	Martinez, Ramiro Licea & Licea Yesenia J/T	381 El Dorado Ave, Willows, CA 95988
001-071-024-000	20	Ngo Cuong Bach & Tra Thuy Thanh Thi TRS	371 El Dorado Ave, Willows, CA 95988
001-071-025-000	21	Feeney, Kevin S/S	65 Lindauer Lane, Red Bluff, CA 96088
001-071-026-000	22	Arias Ana	351 El Dorado Ave, Willows, CA 95988
001-071-027-000	23	Baker Nicole C	341 El Dorado Ave, Willows, CA 95988
001-071-028-000	24	Zarate Fransico & Gabriela R J/T	331 El Dorado Ave, Willows, CA 95988
001-071-029-000	25	Clark Janie C TRS	321 El Dorado Ave, Willows, CA 95988
001-071-030-000	13	Lederer, Eric M	PO Box 1298, Willows, CA 95988
001-071-031-000	12	Hernandez Jaime & Hernandez Gabriela	320 El Dorado Ave, Willows, CA 95988
001-071-032-000	11	Barragan, Ruban J.	330 El Dorado Ave, Willows, CA 95988
001-071-033-000	10	Jaramillo Jose Luis & Jaramillo Brenda	340 El Dorado Ave, Willows, CA 95988
001-071-034-000	9	Sigala, Yesenia J & Reymundo J/T	350 El Dorado Ave, Willows, CA 95988
001-071-035-000	8	Hancock, Jacob B & Terri J/t	360 El Dorado Ave, Willows CA 95988
001-071-036-000	7	Corriea Larry G	475 S Culver St, Willows, CA 95988
001-071-037-000	6	Salas, Crystal A & Sengmany, Rakxat J/T	380 El Dorado Ave, Willows, CA 95988
001-071-038-000	5	Bobadilla, Pedro D & Raygoza Marisol J/T	410 El Dorado Ave, Willows, CA 95988
001-071-039-000	4	Gutierrez, Alejandro & Gutierrez Ashley M J/T	420 El Dorado Ave, Willows, CA 95988
001-071-040-000	3	Drazkowski Tonia & Scott Lindsay B Co Trs	PO Box 434, Sea Ranch, CA 95497
001-071-041-000	2	Irwin Dennis L	440 El Dorado Ave, Willows, CA 95988
001-071-042-000	1	Southam Boyd & Southam Stephanie	450 El Dorado Ave, Willows, CA 95988
Lot A	Lot A	Null	Null

Table 2 (Continued)

APN	Assessment Diagram Number	Owner Name	Mailing Address
017-170-034-000	36	City of Willows	201 North Lassen St, Willows, CA 95988
017-170-037-000	37	City of Willows	201 North Lassen St, Willows, CA 95988
017-170-051-000	38	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-210-050-000	45	McDonalds USA LLC	611 Country Dr, Chico CA 95928
017-210-052-000	35	Walmart RE Business Trust c/o Walmart Tax Dept #2053	P.O. Box 8050, Bentonville, AR 72712-8050
017-350-001-000	41	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-002-000	40	Snow Mountain Properties LLC	1629 Co Rd E, Willows CA 95988
017-350-003-000	39	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-007-000	42	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-008-000	43	California Land Invest LLC	316 California Ave #350, Reno, NV 89509
017-350-009-000	44	California Land Invest LLC	316 California Ave #350, Reno, NV 89509

PART F**FY 2022-23 ASSESSMENT DIAGRAM**

Attached, you will find Assessment Diagrams (maps) for Zones A, B, and C within the Assessment District. Please note that the lines and dimensions of each parcel, as well as the distinctive assessment number, are shown on the Assessor's Maps for the City of Willows available at the County of Glenn Assessor's Office. The attached pages also provide the reference to the appropriate Assessor Books at the County for the subdivision.

Zone A

All the land lying within the Birch Street Village Subdivision, filed in the Recorder's Office of the County of Glenn in Book 13, Page 64.

Zone B

All the land lying within the Walmart Super Store Development, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Number 017-210-052-000.

All the land lying within the McDonald's parcel, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Number 017-210-050-000.

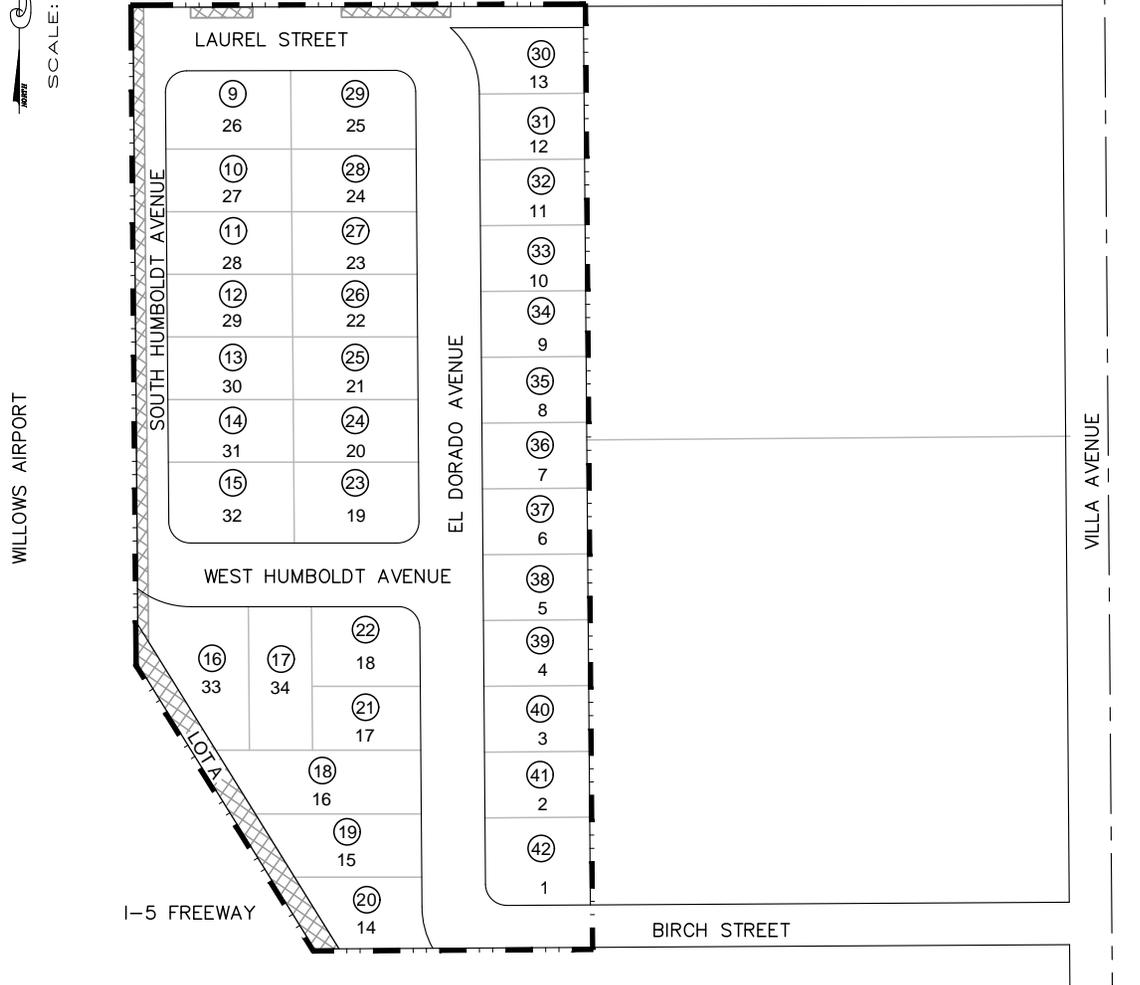
Zone C

All the land lying within the South Willows Commercial and Industrial Center development, known at the Assessor's Office of the County of Glenn as Assessor's Parcel Numbers 017-170-034-000, 017-170-037-000, 017-170-051-000 and 017-350-001-000 through 017-350-006-000.

Images: Loc-map.jpg; Xrefs: Path: F:\BMAP-STD\Willows\LLAD\2021-22 Assessment Diagrams.dwg Layout Name: Zone A Plot Date: Apr 06, 2022 at 10:53 am



APN: BOOK 001, PAGE 07, BLOCK 1.
 THE SPECIFIC LOT NUMBER IS SHOWN IN THE CIRCLE.
 THE ASSESSMENT DIAGRAM NUMBER IS BELOW THE LOT NUMBER.

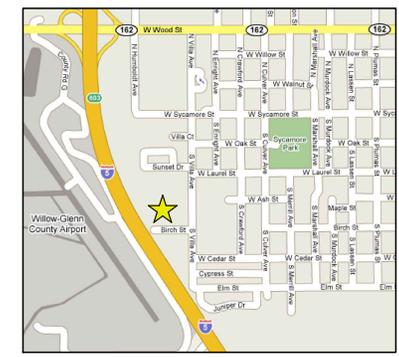


CITY OF WILLOWS

LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT

ASSESSMENT DIAGRAM

ZONE A - BIRCH STREET VILLAGE



VICINITY MAP

- Landscape Maintenance Area
- Assessment District Boundary

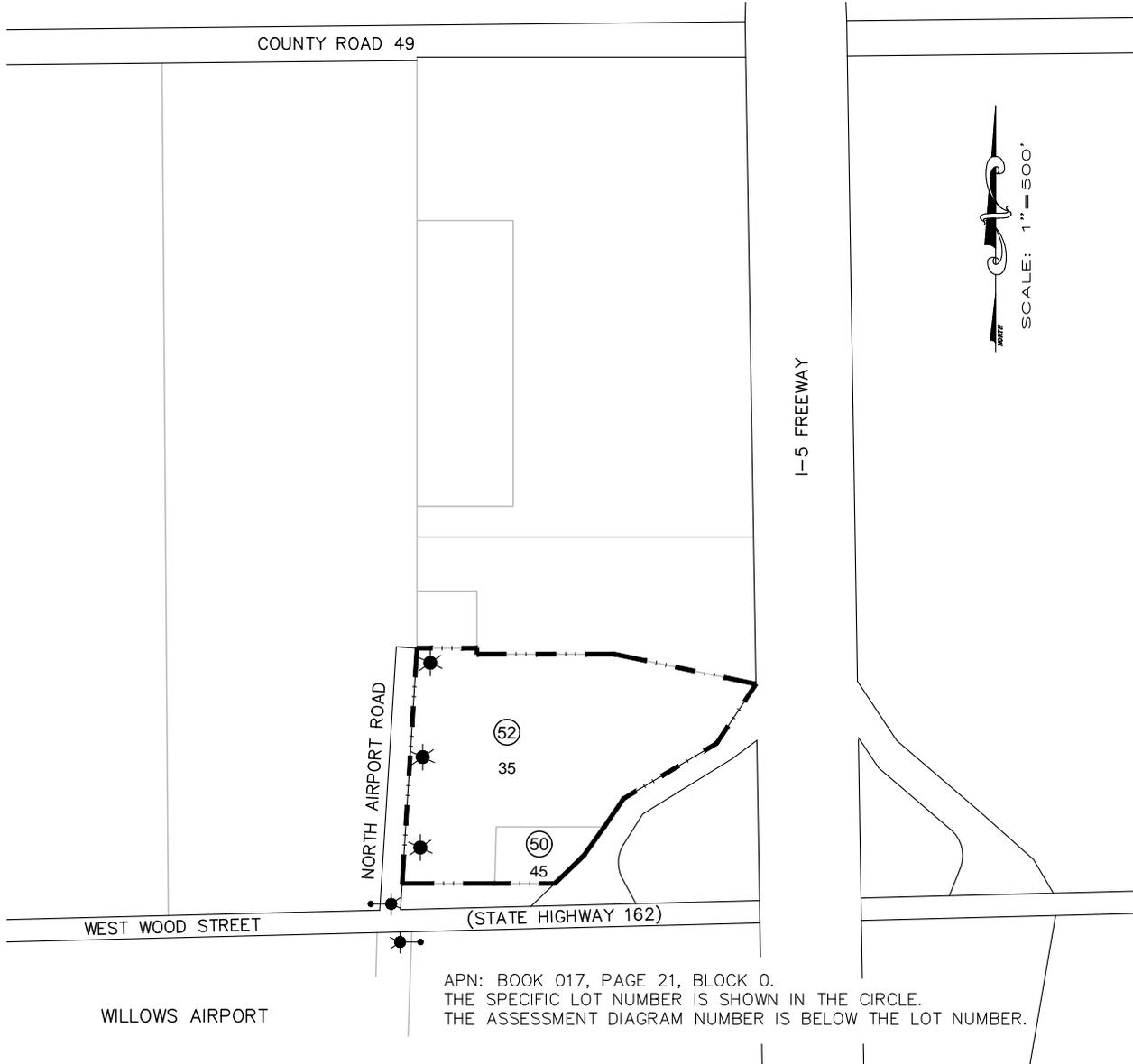
NOTE:
 FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSOR'S MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSOR'S OFFICE.



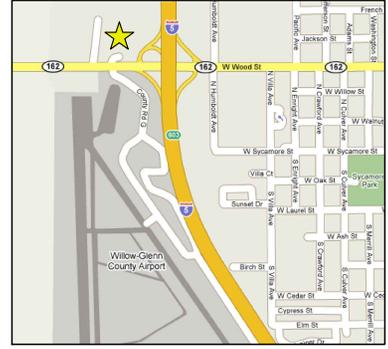
Coastland Civil Engineering, Inc.
 1400 Neotomas Avenue, Santa Rosa, CA 95405
 707.571.8005 707.571.8037 Fax

PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2022-2023 FISCAL YEAR

Images: Loc-map.jpg; Xrefs:
 Path: F:\BMAP-STD\Willows\LLAD\201-22 Assessment Diagrams.dwg Layout Name: Zone B Plot Date: Apr 06, 2022 at 10:52 am



CITY OF WILLOWS
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT
ASSESSMENT DIAGRAM
ZONE B - WALMART



VICINITY MAP

-  Zone B traffic signal with street light locations
-  Zone B street light locations
-  Assessment District Boundary

NOTE:
 FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSORS MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSORS OFFICE.



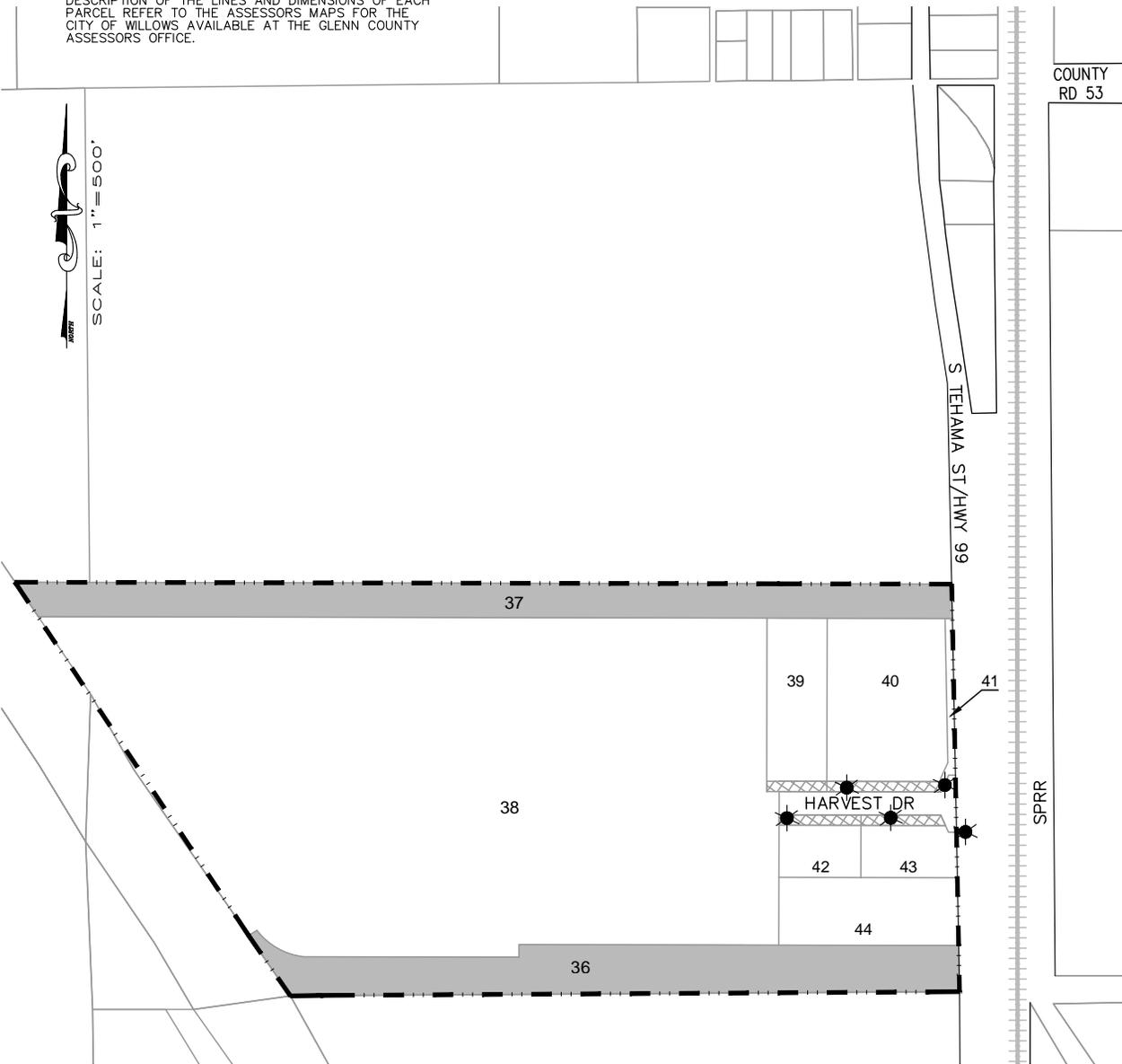
Coastland Civil Engineering, Inc.
 1400 Neotomas Avenue, Santa Rosa, CA 95405
 707.571.8005 707.571.8037 Fax

PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2022-2023 Fiscal Year

NOTE:

FOR THE DISTINCTIVE ASSESSMENT NUMBER AND DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF EACH PARCEL REFER TO THE ASSESSORS MAPS FOR THE CITY OF WILLOWS AVAILABLE AT THE GLENN COUNTY ASSESSORS OFFICE.

SCALE: 1" = 500'



CITY OF WILLOWS
LANDSCAPING AND LIGHTING
ASSESSMENT DISTRICT
ASSESSMENT DIAGRAM
ZONE C - SOUTH WILLOWS
COMMERCIAL AND INDUSTRIAL CENTER



VICINITY MAP

- 38 Assessment Diagram Number. See Table 2 of this report for the corresponding Assessor's Parcel Number.
- ★ Zone C street light locations
- ▨ Landscape Maintenance Area
- Weed Abatement of Detention Ponds
- - - - - Assessment District Boundary

Images: Loc-map.jpg Xrefs: Path: F:\BMAP-STD\Willows\LLAD\2021-22 Assessment Diagrams.dwg Layout Name: Zone C Plot Date: Apr 06, 2022 at 10:50 am


Coastland Civil Engineering, Inc.
 1400 Neotomas Avenue, Santa Rosa, CA 95405
 707.571.8005 707.571.8037 Fax

PREPARED FOR
CITY OF WILLOWS
 GLENN COUNTY CALIFORNIA
 2022-2023 FISCAL YEAR



Date: July 26, 2022
To: Honorable Mayor and Councilmembers
From: Nathan Monck, Fire Chief
Marti Brown, City Manager
Subject: Weed Abatement – Special Assessment

Recommendation:

Upon conclusion of the public hearing, consider and adopt the attached resolution confirming costs of abatement and declaring a special assessment on those properties abated by the City as of August 4, 2022.

Rationale for Recommendation:

As approved and authorized by the City Council, the public hearing provides those potentially being assessed the opportunity to contest charges associated with weed abatement activities.

Background:

On April 12, 2022, the City Council adopted a resolution declaring rubbish, refuse, and weeds to be a public nuisance. In addition, the resolution acknowledged that the Willows Fire Department surveyed the City for nuisance properties and notified the property owners that they must remove debris, refuse and weeds or the City would perform the task and bill the property owner accordingly.

In accordance with the California Administrative Code, a public hearing is required prior to the adoption of the resolution confirming cost of weed abatement and declaring those cost a lien against those properties upon which work was performed. The purpose of this hearing is to discuss the cost of abatement only. The hearing on protesting and ordering abatement was held on May 24, 2022. This public hearing was published in the local newspaper of general circulation.

Discussion & Analysis:

There were 32 properties abated during the 2022 Weed Abatement Program.

Fiscal Impact:

Properties that the City Contractor abated have been billed to the property owner plus a 25% administration fee. The total cost to abate said properties is 82,173.14 (not including the administrative fee). For those property owners that do not pay their bill to the City, a lien will be placed against the property and appear on the tax statement and the County tax rolls.

Attachments:

- Attachment 1: 2022 Weed Abatement Resolution XX-2022



**City of Willows
Resolution xx-2022**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WILLOWS CONFIRMING COSTS OF
ABATEMENTS AMENDED AND DECLARING THEM A SPECIAL ASSESSMENT**

WHEREAS, the parcels listed on attached Exhibit A were declared a nuisance and ordered to abate as of the Council meeting of May 24, 2022; and

WHEREAS, the required notices as set fourth in Section 39500 through 39588 of the Government Code have been sent as required by law; and

WHEREAS, the owners of said parcels failed to abate the nuisance and hence were abated by the City of Willows as prescribed by law.

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Willows held the required public protest hearing on May 24th, 2022, and hereby confirms the costs of abatement and declares them a lien against the property effective August 4, 2022.

PASSED AND ADOPTED by the City Council of the City of Willows this 26th day of July 2022, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTESTED:

Larry Domenighini, Mayor

Tara Rustenhoven, Deputy City Clerk

Exhibit A: 2022 Weed Abatement list of property and cost

WEED ABATEMENT

541 N HUMBOLDT AVE	728	017-330-012	\$2,514.96
199-217 N HUMBOLDT AVE	729	001-010-029	\$1,281.57
429 N SHASTA	743	005-401-009	\$24,854.72
600 N HUMBOLDT AVE	737	005-330-009	\$4,519.04
101 E LAUREL ST	742	003-062-001	\$314.37
429 N SHASTA ST	743	005-401-009	\$24,854.72
679 N LASSEN ST	744	005-275-010	\$471.55
428 N PLUMAS ST	741	005-401-004	\$314.37
440 N PLUMAS ST	740	005-401-003	\$314.37
634 N SHASTA ST	738	005-282-011	\$314.37
600 N HUMBOLDT AVE	737	005-330-009	\$4,519.04
321 E LAUREL ST	736	003-101-001	\$314.37
400 S TEHAMA ST	735	003-072-002	\$471.55
618 S BUTTE ST	734	002-311-005	\$314.37
616 S LASSEN ST	733	002-252-021	\$314.37
247 S SHASTA ST	732	002-181-013	\$314.37
245 S SHASTA ST	731	002-181-013	\$314.37
243 S SHASTA ST	730	002-181-012	\$314.37
475 N HUMBOLDT AVE	727	017-330-022	\$534.24
100 E ROAD 53	726	017-310-002	\$471.55
541 WASHINGTON ST	725	005-345-007	\$534.24
151 S TEHAMA ST	724	003-051-017	\$377.26
141 S TEHAMA ST	723	003-051-013	\$377.26
100 N TEHAMA ST	722	003-042-002	\$534.24
150 N TEHAMA ST	721	003-042-002	\$1,889.94

115 S SHASTA ST	719	002-171-006	\$992.29
322 W SYCAMORE ST	718	002-171-005	\$1,670.07
141 N CRAWFORD ST	717	001-152-007	\$7,312.80
825 S TEHAMA ST	716	001-121-008	\$534.24
637 S SHASTA ST	720	002-281-011	\$534.24
400 S TEHAMA ST	735	003-072-002	\$471.55



DISCUSSION & ACTION CALENDAR



Date: July 26, 2022
To: Honorable Mayor and Councilmembers
From: Marti Brown, City Manager
Subject: Fiscal Year 2020-2021 Audited Financial Statements

Recommendation:

Approve the City of Willows Audited Financial Statements for Fiscal Year ending June 30, 2021, as presented by Smith & Newell, CPAs, Certified Public Accountants.

Rationale for Recommendation:

The City is required to prepare and audit the financial statements for all financial transactions of all funds of the City for each fiscal year and on an annual basis. The audited financial statements are prepared to communicate the financial health of the agency with those charged with governance, state/federal oversight agencies, investors, and the public.

Background:

In September 2021, the City's former finance consultant and Auditor resigned from the City effective September 30, 2021. Shortly thereafter, city management learned that the City's prior Auditing firm was closing its doors effective November 30, 2021. Since there was significant audit preparation remaining in September and October, the City was unable to use the services of the prior auditor and immediately enlisted the services of Smith & Newell, CPAs. The books were finally closed and the audit preparation work complete in January 2022 and the Audit work began in February. As a result, management was unable to complete and present the current audit until now.

Discussion & Analysis:

During their presentation, Smith & Newell, CPAs will highlight the main points of the audit, including the Independent Auditor's Report and any recommendations for improvements to financial management and oversight.

Fiscal Impact:

There is no fiscal impact by receiving and accepting the attached FY 2020-21 Audit.

Attachment:

- Attachment 1: FY 2020-21 Audit Report

**CITY OF WILLOWS,
CALIFORNIA**

**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

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CITY OF WILLOWS
Annual Financial Report
For the Year Ended June 30, 2021

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INTRODUCTORY SECTION

- **List of Officials**

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CITY OF WILLOWS
List of Officials
For the Year Ended June 30, 2021

City Council

Larry Domenighini	Mayor
Gary Hansen	Vice Mayor
Kerri Warren	Council Member
Joe Flesher	Council Member
Jeff Williams	Council Member

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FINANCIAL SECTION

- **Independent Auditor's Report**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Financial Statements**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the 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 (City), as of and for the year ended June 30, 2021, 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 opinions 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 purpose 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 accounting 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 opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the City Pension Plan information, City OPEB Plan information, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

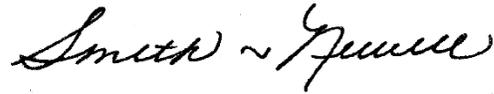
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs
Yuba City, California
June 28, 2022

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Basic Financial Statements

- **Government-Wide Financial Statements**

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CITY OF WILLOWS
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 3,997,898	\$ 830,279	\$ 4,828,177
Receivables:			
Accounts	51,496	54,930	106,426
Interest	9,624	2,022	11,646
Taxes	569,542	-	569,542
Intergovernmental	57,795	-	57,795
Investment in JPA	149,537	-	149,537
Prepaid costs	11,196	-	11,196
Loans receivable	5,114,344	-	5,114,344
Capital assets:			
Depreciable, net	12,057,072	9,367,243	21,424,315
Total capital assets	<u>12,057,072</u>	<u>9,367,243</u>	<u>21,424,315</u>
Total Assets	<u>22,018,504</u>	<u>10,254,474</u>	<u>32,272,978</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	9,075,855	826,878	9,902,733
Deferred OPEB adjustments	10,828	3,054	13,882
Total Deferred Outflows of Resources	<u>9,086,683</u>	<u>829,932</u>	<u>9,916,615</u>
LIABILITIES			
Accounts payable	375,574	457	376,031
Salaries and benefits payable	42,181	5,254	47,435
Interest payable	3,052	57,657	60,709
Long-term liabilities:			
Due within one year	755,579	182,752	938,331
Due in more than one year	8,029,773	6,134,981	14,164,754
Net pension liability	7,925,004	722,027	8,647,031
Net OPEB liability	94,667	26,701	121,368
Total Liabilities	<u>17,225,830</u>	<u>7,129,829</u>	<u>24,355,659</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	351,598	32,033	383,631
Deferred OPEB adjustments	6,424	1,812	8,236
Total Deferred Inflows of Resources	<u>358,022</u>	<u>33,845</u>	<u>391,867</u>

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

Continued (Page 1 of 2)

CITY OF WILLOWS
Statement of Net Position
June 30, 2021

NET POSITION	Governmental Activities	Business-Type Activities	Totals
Net investment in capital assets	11,140,509	3,776,243	14,916,752
Restricted for:			
General government	217,822	-	217,822
Public protection	195,035	-	195,035
Public ways and facilities	1,698,587	-	1,698,587
Community development	5,373,411	-	5,373,411
Recreation and culture	345,082	-	345,082
Education	277,053	-	277,053
Unrestricted	(5,726,164)	144,489	(5,581,675)
Total Net Position	\$ 13,521,335	\$ 3,920,732	\$ 17,442,067

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

Continued (Page 2 of 2)

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CITY OF WILLOWS
Statement of Activities
For the Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,705,254	\$ 193,517	\$ 160	\$ -
Public protection	2,665,035	77,171	90,298	-
Public ways and facilities	984,997	145,804	1,456,489	-
Community development	119,429	-	2,687,097	-
Recreation and culture	220,939	1,019	2,105	-
Education	269,919	403	239,632	-
Interest on long-term debt	234,335	-	-	-
Total Governmental Activities	6,199,908	417,914	4,475,781	-
Business-type activities:				
Water	13,211	4,226	-	-
Sewer	1,173,381	1,683,976	-	-
Interest on long-term debt	230,962	-	-	-
Total Business-Type Activities	1,417,554	1,688,202	-	-
Total	\$ 7,617,462	\$ 2,106,116	\$ 4,475,781	\$ -

General revenues:

Taxes:

Property taxes
Property transfer taxes
Sales and use taxes
Transient occupancy taxes

Franchise fees
Interest and investment earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior period adjustment

Net Position - Beginning, Restated

Net Position - Ending

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

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (1,511,577)	\$ -	\$ (1,511,577)
(2,497,566)	-	(2,497,566)
617,296	-	617,296
2,567,668	-	2,567,668
(217,815)	-	(217,815)
(29,884)	-	(29,884)
(234,335)	-	(234,335)
(1,306,213)	-	(1,306,213)
-	(8,985)	(8,985)
-	510,595	510,595
-	(230,962)	(230,962)
-	270,648	270,648
(1,306,213)	270,648	(1,035,565)
1,691,943	-	1,691,943
12,274	-	12,274
900,635	-	900,635
840,304	-	840,304
247,366	-	247,366
81,065	5,377	86,442
434,902	-	434,902
4,208,489	5,377	4,213,866
2,902,276	276,025	3,178,301
7,960,161	3,644,707	11,604,868
2,658,898	-	2,658,898
10,619,059	3,644,707	14,263,766
\$ 13,521,335	\$ 3,920,732	\$ 17,442,067

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Basic Financial Statements

- **Fund Financial Statements**

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CITY OF WILLOWS
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>CDBG HOME Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 978,659	\$ -	\$ 3,019,239	\$ 3,997,898
Receivables:				
Accounts	36,476	-	15,020	51,496
Interest	3,248	-	6,376	9,624
Taxes	569,542	-	-	569,542
Intergovernmental	36,823	-	20,972	57,795
Investment in JPA	149,537	-	-	149,537
Prepaid costs	11,196	-	-	11,196
Due from other funds	452,532	-	-	452,532
Loans receivable	-	4,575,330	539,014	5,114,344
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ 2,238,013	\$ 4,575,330	\$ 3,600,621	\$ 10,413,964
LIABILITIES				
Accounts payable	\$ 143,671	\$ -	\$ 231,903	\$ 375,574
Salaries and benefits payable	41,390	-	791	42,181
Due to other funds	-	8,462	444,070	452,532
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	185,061	8,462	676,764	870,287
FUND BALANCES				
Nonspendable	160,733	4,575,330	539,014	5,275,077
Restricted	-	-	2,831,913	2,831,913
Committed	205,000	-	-	205,000
Unassigned	1,687,219	(8,462)	(447,070)	1,231,687
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	2,052,952	4,566,868	2,923,857	9,543,677
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ 2,238,013	\$ 4,575,330	\$ 3,600,621	\$ 10,413,964

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

CITY OF WILLOWS
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2021

Total Fund Balance - Total Governmental Funds	\$ 9,543,677
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	12,057,072
Interest payable on long-term debt does not require the use of current financial resources and therefore is not accrued as a liability in the governmental funds balance sheet.	(3,052)
Deferred outflows of resources related to pension and OPEB are not reported in the governmental funds.	9,086,683
Deferred inflows of resources related to pension and OPEB are not reported in the governmental funds.	(358,022)
Certain liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Pension obligation bonds	(7,800,276)
Loans payable	(725,562)
Capital leases payable	(191,001)
Compensated absences payable	(68,513)
Net pension liability	(7,925,004)
Net OPEB liability	(94,667)
Net Position of Governmental Activities	<u><u>\$ 13,521,335</u></u>

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

CITY OF WILLOWS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>General</u>	<u>CDBG HOME Grant</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
REVENUES				
Taxes	\$ 3,692,522	\$ -	\$ -	\$ 3,692,522
Licenses and permits	265,811	-	403	266,214
Fines and forfeitures	6,332	-	-	6,332
Intergovernmental revenues	725,189	2,790,822	959,770	4,475,781
Use of money and property	50,727	-	30,338	81,065
Charges for services	145,368	-	-	145,368
Other revenues	429,138	-	5,764	434,902
Total Revenues	<u>5,315,087</u>	<u>2,790,822</u>	<u>996,275</u>	<u>9,102,184</u>
EXPENDITURES				
Current:				
General government	8,587,922	-	53,886	8,641,808
Public protection	2,489,785	-	120,796	2,610,581
Public ways and facilities	751,343	-	59,539	810,882
Community development	-	12,703	106,726	119,429
Education	245,610	-	24,309	269,919
Recreation and culture	98,609	-	64,591	163,200
Debt service:				
Principal	-	-	626,228	626,228
Interest and other charges	207,990	-	26,345	234,335
Capital outlay	15,772	-	159,541	175,313
Total Expenditures	<u>12,397,031</u>	<u>12,703</u>	<u>1,241,961</u>	<u>13,651,695</u>
Excess of Revenues Over (Under) Expenditures	<u>(7,081,944)</u>	<u>2,778,119</u>	<u>(245,686)</u>	<u>(4,549,511)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	7,800,276	-	419,098	8,219,374
Transfers in	106,395	-	1,014,200	1,120,595
Transfers out	-	-	(1,120,595)	(1,120,595)
Total Other Financing Sources (Uses)	<u>7,906,671</u>	<u>-</u>	<u>312,703</u>	<u>8,219,374</u>
Net Change in Fund Balances	<u>824,727</u>	<u>2,778,119</u>	<u>67,017</u>	<u>3,669,863</u>
Fund Balances - Beginning	1,111,438	-	1,712,614	2,824,052
Prior period adjustment	116,787	1,788,749	1,144,226	3,049,762
Fund Balances - Beginning, Restated	<u>1,228,225</u>	<u>1,788,749</u>	<u>2,856,840</u>	<u>5,873,814</u>
Fund Balances - Ending	<u>\$ 2,052,952</u>	<u>\$ 4,566,868</u>	<u>\$ 2,923,857</u>	<u>\$ 9,543,677</u>

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

CITY OF WILLOWS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 3,669,863

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	175,313
Less current year depreciation	(318,491)
Various adjustments affecting capital assets	(420)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal retirements	626,228
Proceeds from issuance of debt	(8,219,374)
Adjustment to capital lease	(187)

Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension and OPEB	7,587,685
Change in deferred inflows of resources related to pension and OPEB	130,870

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in compensated absences	17,298
Change in net pension liability	(768,717)
Change in net OPEB liability	2,208

Change in Net Position of Governmental Activities \$ 2,902,276

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

CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 556,402	\$ 267,430	\$ 6,447	\$ 830,279
Receivables:				
Accounts	54,930	-	-	54,930
Interest	1,248	757	17	2,022
Total Current Assets	<u>612,580</u>	<u>268,187</u>	<u>6,464</u>	<u>887,231</u>
Noncurrent Assets:				
Depreciable, net	8,837,413	459,613	70,217	9,367,243
Total Noncurrent Assets	<u>8,837,413</u>	<u>459,613</u>	<u>70,217</u>	<u>9,367,243</u>
Total Assets	<u>9,449,993</u>	<u>727,800</u>	<u>76,681</u>	<u>10,254,474</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	826,878	-	-	826,878
Deferred OPEB adjustments	3,054	-	-	3,054
Total Deferred Outflows of Resources	<u>829,932</u>	<u>-</u>	<u>-</u>	<u>829,932</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	457	-	-	457
Salaries and benefits payable	5,254	-	-	5,254
Interest payable	57,657	-	-	57,657
Compensated absences	14,968	-	-	14,968
Bonds payable	43,784	-	-	43,784
Loans payable	124,000	-	-	124,000
Total Current Liabilities	<u>246,120</u>	<u>-</u>	<u>-</u>	<u>246,120</u>
Noncurrent Liabilities:				
Compensated absences	2,041	-	-	2,041
Bonds payable	665,940	-	-	665,940
Loans payable	5,467,000	-	-	5,467,000
Net pension liability	722,027	-	-	722,027
Net OPEB liability	26,701	-	-	26,701
Total Noncurrent Liabilities	<u>6,883,709</u>	<u>-</u>	<u>-</u>	<u>6,883,709</u>
Total Liabilities	<u>7,129,829</u>	<u>-</u>	<u>-</u>	<u>7,129,829</u>

CITY OF WILLOWS
Statement of Net Position
Proprietary Funds
June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	32,033	-	-	32,033
Deferred OPEB adjustments	1,812	-	-	1,812
Total Deferred Inflows of Resources	<u>33,845</u>	<u>-</u>	<u>-</u>	<u>33,845</u>
NET POSITION				
Net investment in capital assets	3,246,413	459,613	70,217	3,776,243
Unrestricted	(130,162)	268,187	6,464	144,489
Total Net Position	<u>\$ 3,116,251</u>	<u>\$ 727,800</u>	<u>\$ 76,681</u>	<u>\$ 3,920,732</u>

CITY OF WILLOWS
Statement of Revenues, Expenses and
Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
OPERATING REVENUES				
Charges for services	\$ 1,661,221	\$ 22,755	\$ 4,226	\$ 1,688,202
Total Operating Revenues	<u>1,661,221</u>	<u>22,755</u>	<u>4,226</u>	<u>1,688,202</u>
OPERATING EXPENSES				
Salaries and benefits	(70,853)	-	-	(70,853)
Contractual services	667,748	1,107	3,599	672,454
Insurance	31,720	-	189	31,909
Other expenses	20,754	-	4,999	25,753
Permits	13,362	-	-	13,362
Repairs and maintenance	8,599	-	-	8,599
Utilities	215,140	-	306	215,446
Depreciation	275,936	9,868	4,118	289,922
Total Operating Expenses	<u>1,162,406</u>	<u>10,975</u>	<u>13,211</u>	<u>1,186,592</u>
Operating Income (Loss)	<u>498,815</u>	<u>11,780</u>	<u>(8,985)</u>	<u>501,610</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	3,475	1,862	40	5,377
Interest expense	(230,962)	-	-	(230,962)
Total Non-Operating Revenues (Expenses)	<u>(227,487)</u>	<u>1,862</u>	<u>40</u>	<u>(225,585)</u>
Change in Net Position	271,328	13,642	(8,945)	276,025
Total Net Position - Beginning	<u>2,844,923</u>	<u>714,158</u>	<u>85,626</u>	<u>3,644,707</u>
Total Net Position - Ending	<u>\$ 3,116,251</u>	<u>\$ 727,800</u>	<u>\$ 76,681</u>	<u>\$ 3,920,732</u>

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 1,646,069	\$ 24,258	\$ 4,576	\$ 1,674,903
Payments to suppliers	(1,034,989)	(21,255)	(9,120)	(1,065,364)
Payments to employees	(966,779)	-	-	(966,779)
Net Cash Provided (Used) by Operating Activities	<u>(355,699)</u>	<u>3,003</u>	<u>(4,544)</u>	<u>(357,240)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Pension obligation bond proceeds of debt	709,724	-	-	709,724
Net Cash Provided (Used) by Noncapital Financing Activities	<u>709,724</u>	<u>-</u>	<u>-</u>	<u>709,724</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(4,418)	(12,208)	-	(16,626)
Adjustment to capital assets accumulated depreciation	-	-	4,119	4,119
Principal paid on debt	(119,000)	-	-	(119,000)
Interest paid on debt	(173,305)	-	-	(173,305)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(296,723)</u>	<u>(12,208)</u>	<u>4,119</u>	<u>(304,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,227	1,104	22	3,353
Net Cash Provided (Used) by Investing Activities	<u>2,227</u>	<u>1,104</u>	<u>22</u>	<u>3,353</u>
Net Increase (Decrease) in Cash and Cash Equivalents	59,529	(8,101)	(403)	51,025
Balances - Beginning	496,873	275,531	6,850	779,254
Balances - Ending	<u>\$ 556,402</u>	<u>\$ 267,430</u>	<u>\$ 6,447</u>	<u>\$ 830,279</u>

CITY OF WILLOWS
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Sewer Maintenance</u>	<u>Sewer Construction</u>	<u>Water</u>	<u>Totals</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 498,815	\$ 11,780	\$ (8,985)	\$ 501,610
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	275,936	9,868	4,118	289,922
Decrease (increase) in:				
Accounts receivable	(15,152)	1,503	350	(13,299)
Pension adjustments - deferred outflows	(665,729)	-	-	(665,729)
OPEB adjustments - deferred outflows	(3,054)	-	-	(3,054)
Increase (decrease) in:				
Accounts payable	(77,666)	(20,148)	(27)	(97,841)
Salaries and benefits payable	5,254	-	-	5,254
Compensated absences	3,642	-	-	3,642
Net pension liability	(319,212)	-	-	(319,212)
Net OPEB liability	(623)	-	-	(623)
Pension adjustments - deferred inflows	(59,722)	-	-	(59,722)
OPEB adjustments - deferred inflows	1,812	-	-	1,812
Net Cash Provided (Used) by Operating Activities	<u>\$ (355,699)</u>	<u>\$ 3,003</u>	<u>\$ (4,544)</u>	<u>\$ (357,240)</u>

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Willows was incorporated in 1886, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety, highways and streets, health and sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, water and sewer.

Component Units

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that there are no component units of the City.

Joint Agencies

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for member Cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator at, 2180 Harvard Street, Suite 460, Sacramento, CA 95815. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information on all of the nonfiduciary activities of the City and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities and each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Funds are organized into two major categories: governmental and proprietary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as public safety, planning and zoning, general administrative services and public works.
- The CDGB Home Grant fund is a special revenue fund used to account for housing revenues and expenditures. Funding comes primarily from grant revenues.

The City reports the following major proprietary funds:

- The Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing provided by the City.
- The Sewer fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing provided by the City.

C. Basis of Accounting and Measurement Focus

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within 60 days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Non-Current Governmental Asset/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased, including amounts held in the City's investment pool, to be cash and cash equivalents.

F. Investments

The City pools cash and investments of all funds except cash and investments with fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short-term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Receivables

Receivables for governmental activities consist mainly of accounts, interest, taxes and amounts due from other governments. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

Inventory

Governmental fund inventories are recorded as expenditures at the time the inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2021, are recorded as prepaid costs under both the accrual and modified accrual basis of accounting. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Loans Receivable

A total of \$5,114,344 was recorded as loans receivable at June 30, 2021. These represent low interest notes and related accrued interest to finance multi-family and single-family construction and rehabilitation projects and homebuyer assistance for low income families. Loan terms are 15 to 55 years with an interest rate at 0 to 5 percent. The primary source of funding for these loans comes from grants from the federal Community Development Block Grant (CDBG) program and Home Investment Partnerships (HOME) program. The CDBG and HOME grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks and sewer), are defined by the City as an asset with a cost greater than \$500 and a useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their fair value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets' estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	3 to 25 years
Structures and improvements	5 to 50 years
Infrastructure	20 to 75 years
Intangibles (computer software)	5 to 10 years

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

K. Property Tax

Nevada County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

L. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation leave and sick leave. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The City includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

N. Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	June 30, 2019 to June 30, 2020

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The City has two items that qualify for reporting in this category. These items relate to the outflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category. These items relate to the inflows from changes in the net pension liability and net OPEB liability and are reportable on the Statement of Net Position.

Q. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 84, “Fiduciary Activities.” The requirements of this statement are effective for periods beginning after December 15, 2019. The City does not have any fiduciary activities to report for the year ended June 30, 2021.

Statement No. 90, “Majority Equity Interest.” In September 2018, the GASB issued Statement No. 90, an amendment of GASB Statements No. 14 and No. 61. The requirements of this statement will take effect for financial statement starting with the fiscal year that ends June 30, 2021. The City does not have any majority equity interests to report for the year ended June 30, 2021.

S. Future Accounting Pronouncements

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

Statement No. 87 “Leases” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 89 “Accounting for Interest Cost Incurred Before the End of a Construction Period” The requirements of this statement are effective for periods beginning after December 15, 2020. (FY 21/22)

Statement No. 91 “Conduit Debt Obligations” The requirements of this statement are effective for periods beginning after December 15, 2021. (FY 22/23)

Statement No. 92 “Omnibus 2020” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

Statement No. 93 “Replacement of Interbank Offered Rates” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Future Accounting Pronouncements (Continued)

Statement No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 96 “Subscription-Based Information Technology Arrangements” The requirements of this statement are effective for periods beginning after June 15, 2022. (FY 22/23)

Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The requirements of this statement are effective for periods beginning after June 15, 2021. (FY 21/22)

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Net Position/Fund Balance

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position/fund balance. During the current year the City reported prior period adjustments to correct a prior year overstatement of deferred inflows of resources related to deferred housing loan payments, to correct a prior year understatement of revenues, and to correct prior year salaries and benefits accrual in the government-wide financial statements.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	Governmental Activities
Net Position, June 30, 2020 as previously reported	\$ 7,960,161
Adjustment associated with:	
Correction of deferred housing loan payments	1,788,749
Correction of prior year understatement of revenues	850,550
Correction of prior year salaries and benefits accrual	(97,188)
Total Adjustments	2,542,111
Net Position, July 1, 2020 as restated	\$ 10,502,272

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Restatement of Net Position/Fund Balance (Continued)

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

	General Fund	CDBG HOME Grant	Other Governmental Funds
Fund Balance, June 30, 2020 as previously reported	\$ 906,438	\$ -	\$ 1,712,614
Adjustment associated with:			
Correction of prior year understatement of investment in JPA	116,787	-	-
Correction of prior year understatement of revenues	-	-	850,550
Correction of prior year deferred housing loan payments	-	1,788,749	293,676
Total Adjustments	116,787	1,788,749	1,144,226
Fund Balance, July 1, 2020 as restated	\$ 1,023,225	\$ 1,788,749	\$ 2,856,840

B. Deficit Fund Balance

The following non-major governmental funds had deficit fund balances at June 30, 2021:

Gas Tax 2106	\$ 12,893
COVID-19	880
EDA Grant	386,854
SB 2 Grant	24,199

Some of these deficits may be eliminated in the future through grant revenues. Certain amounts of these deficits will ultimately become the responsibility of the General fund.

NOTE 3: CASH AND INVESTMENTS

A. Financial Statement Presentation

As of June 30, 2021, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 3,997,898
Business-type activities	830,279
Total Cash and Investments	\$ 4,828,177

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

A. Financial Statement Presentation (Continued)

As of June 30, 2021, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 500
Deposits (less outstanding checks)	2,750,659
Cash with fiscal agent	<u>11,408</u>
Total Cash	<u>2,762,567</u>
Investments:	
LAIF	641,880
Investments with fiscal agent	<u>1,423,730</u>
Total Investments	<u>2,065,610</u>
Total Cash and Investments	<u>\$ 4,828,177</u>

B. Cash

At year end, the carrying amount of the City's cash deposits (including amounts in checking, savings, and money market accounts) was \$2,762,067 and the bank balance was \$2,922,382. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash on hand of \$500.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, interest bearing deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits of more than the \$250,000 insured amount are collateralized. The City's investment policy does not further limit its deposits.

C. Investments

The City has an investment policy, the purpose of which is to establish guidelines for the prudent investment of the City's funds, and outline the policies for maximizing the efficiency of the City's cash management program. The ultimate goal is to enhance the economic status of the City while protecting its pooled investments.

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Under the provisions of the City’s investment policy and the California Government Code, the City may invest or deposit in the following:

- Securities of the U.S. Government and its Agencies
- Local Agency Investment Fund (State Pool) Demand Deposits (LAIF)
- Certificates of Deposit
- Bankers’ Acceptances
- Commercial Paper
- Passbook Savings Accounts
- Negotiable Certificates of Deposit
- Medium Term Corporate Notes

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs

The City’s position in external investment pools is in itself regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City’s investment in external investment pools is not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2021, the City had the following recurring fair value measurements:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Investments with fiscal agent	\$ 1,423,730	\$ 1,423,730	\$ -	\$ -
Total Investments Measured at Fair Value	1,423,730	<u>\$ 1,423,730</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
LAIF	<u>641,880</u>			
Total Investments	<u>\$ 2,065,610</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses resulting from increases in interest rates, the City’s investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations. Any investments that mature more than five years from the date of purchase cannot occur without prior approval of the City Council.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2021, the City had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Investments with fiscal agent	0.20-2.90%	\$ 676,730	\$ 747,000	\$ 1,423,730	4.95
LAIF	Variable	641,880	-	641,880	-
Total Investments		<u>\$ 1,318,610</u>	<u>\$ 747,000</u>	<u>\$ 2,065,610</u>	<u>0.12</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. Presented below is the minimum rating required (where applicable) by the California Government Code or the City's investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Investments with fiscal agent	N/A	Unrated	Unrated	68.93%
LAIF	N/A	Unrated	Unrated	31.07%
Total				<u>100.00%</u>

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all securities owned by the City shall be held in safekeeping by a third party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury Securities, mutual funds and external investment pools) at June 30, 2021 did not exceed 5 percent or more of total City investments.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

D. Investment in External Investment Pool

The City of Willows maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2021, the City's investment in LAIF valued at amortized cost was \$641,880 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$193.3 billion. Of that amount, 92.69 percent is invested in non-derivative financial products and 2.31 percent in structured notes and asset-backed securities.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Transfers/ Adjustments	Balance June 30, 2021
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 5,943,855	\$ 159,540	(\$ 6,103,395)	\$ -
Total Capital Assets, Not Being Depreciated	<u>5,943,855</u>	<u>159,540</u>	<u>(6,103,395)</u>	<u>-</u>
Capital Assets, Being Depreciated				
Infrastructure	5,170,049	-	6,103,395	11,273,444
Buildings and improvements	2,324,716	-	-	2,324,716
Equipment	2,614,426	15,773	(18,555)	2,611,644
Total Capital Assets, Being Depreciated	<u>10,109,191</u>	<u>15,773</u>	<u>6,084,840</u>	<u>16,209,804</u>
Less Accumulated Depreciation For:				
Infrastructure	(889,011)	(185,299)	-	(1,074,310)
Buildings and improvements	(1,522,455)	(42,301)	-	(1,564,756)
Equipment	(1,440,910)	(90,891)	18,135	(1,513,666)
Total Accumulated Depreciation	<u>(3,852,376)</u>	<u>(318,491)</u>	<u>18,135</u>	<u>(4,152,732)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,256,815</u>	<u>(302,718)</u>	<u>6,102,975</u>	<u>12,057,072</u>
Governmental Activities Capital Assets, Net	<u>\$ 12,200,670</u>	<u>(\$ 143,178)</u>	<u>(\$ 420)</u>	<u>\$ 12,057,072</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 4: CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2020	Additions	Transfers/ Adjustments	Balance June 30, 2021
Business-Type Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 262,686	\$ 12,208	(\$ 274,894)	\$ -
Total Capital Assets, Not Being Depreciated	262,686	12,208	(274,894)	-
Capital Assets, Being Depreciated				
Infrastructure	412,136	-	274,894	687,030
Buildings and improvements	13,624,842	4,418	-	13,629,260
Total Capital Assets, Being Depreciated	14,036,978	4,418	274,894	14,316,290
Less Accumulated Depreciation For:				
Infrastructure	(139,097)	(13,987)	(4,117)	(157,201)
Buildings and improvements	(4,515,911)	(275,935)	-	(4,791,846)
Total Accumulated Depreciation	(4,655,008)	(289,922)	(4,117)	(4,949,047)
Total Capital Assets, Being Depreciated, Net	9,381,970	(285,504)	270,777	9,367,243
Business-Type Activities Capital Assets, Net	<u>\$ 9,644,656</u>	<u>(\$ 273,296)</u>	<u>(\$ 4,117)</u>	<u>\$ 9,367,243</u>

Depreciation

Depreciation expense was charged to governmental activities as follows:

General government	\$ 15,492
Public protection	54,034
Public ways and facilities	191,226
Recreation and culture	<u>57,739</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 318,491</u>

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

Water	\$ 4,118
Sewer	<u>285,804</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 289,922</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on City street improvement projects. Construction in progress for business-type activities related primarily to work performed on the wastewater treatment facility improvements. All construction in progress had been completed as of June 30, 2021, and was transferred to infrastructure.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 5: INTERFUND TRANSACTIONS

Due From/To Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2021:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 452,532	\$ -
CDBG HOME Grant	-	8,462
Nonmajor governmental funds	-	444,070
Total	<u>\$ 452,532</u>	<u>\$ 452,532</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2021:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 106,395	\$ -
Nonmajor governmental funds	1,014,200	1,120,595
Total	<u>\$ 1,120,595</u>	<u>\$ 1,120,595</u>

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Loans payable	\$ 874,507	\$ 419,098	(\$ 568,043)	\$ 725,562	\$ 152,076
Pension obligation bonds	-	7,800,276	-	7,800,276	481,216
Capital leases	248,999	187	(58,185)	191,001	60,627
Compensated absences	85,811	43,975	(61,273)	68,513	61,660
Total Governmental Activities	<u>\$ 1,209,317</u>	<u>\$ 8,263,536</u>	<u>(\$ 687,501)</u>	<u>\$ 8,785,352</u>	<u>\$ 755,579</u>
Business-Type Activities					
Direct borrowing loans payable	\$ 5,710,000	\$ -	(\$ 119,000)	\$ 5,591,000	\$ 124,000
Pension obligation bonds	-	709,724	-	709,724	43,784
Compensated absences	13,367	16,806	(13,164)	17,009	15,308
Total Business-Type Activities	<u>\$ 5,723,367</u>	<u>\$ 726,530</u>	<u>(\$ 132,164)</u>	<u>\$ 6,317,733</u>	<u>\$ 183,092</u>

Compensated absences are generally liquidated by the fund where the accrued liability occurred. The capital lease liabilities are liquidated by lease payments made by the departments leasing the equipment.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Individual issues of debt payable outstanding at June 30, 2021, are as follows:

Governmental Activities

Loans:

Commercial Bank Loan, issued November 1, 2019, in the amount of \$1,400,000, due in annual installments of \$86,027 to \$152,076, with an interest rate of 3.32%, and maturity on May 1, 2026. The City relinquished its rights of immunity from legal proceedings on the grounds of sovereignty in exchange for the proceeds of this loan.

\$ 725,562

Total Loans

725,562

Pension Obligation Bonds:

Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

7,800,276

Total Pension Obligation Bonds

7,800,276

Total Governmental Activities

\$ 8,525,838

s

Business-Type Activities

Loans from Direct Borrowings:

United States Department of Agriculture Rural Development, dated February 21, 2007, in the amount of \$6,889,000, payable in annual installments of \$70,000 to \$152,000, with an interest rate of 4.125%, and maturity on October 1, 2046. The loan proceeds were used to finance certain improvements to the City's sewer treatment plant system.

\$ 5,591,000

Total Loans from Direct Borrowings

5,591,000

Pension Obligation Bonds:

Taxable Pension Obligation Bonds, series 2021, issued May 13, 2021, in the amount of \$8,510,000, due in annual installments of \$525,000 to \$1,965,000, with an interest rate of 0.62% to 3.42%, and a maturity date on August 1, 2040. The bonds were used for the purposes of (a) refinancing the issuer's outstanding "side fund" obligations in respect of retired miscellaneous employees to the California Public Employees' Retirement System and (b) paying the costs associated with the issuance of the bonds.

709,724

Total Pension Obligation Bonds

709,724

Total Business-Type Activities

\$ 6,300,724

The City has pledged sewer operations revenues, net of specified operating expenses, to repay loans from direct borrowings in the amount of \$5,591,000 issued in February 2007.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements of governmental activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities, and capital leases which are reported in Note 7.

Governmental Activities

Year Ended June 30	Loans		
	Principal	Interest	Total
2022	\$ 152,076	\$ 22,837	\$ 174,913
2023	157,166	17,746	174,912
2024	162,428	12,485	174,913
2025	167,865	7,047	174,912
2026	86,027	1,428	87,455
Total	<u>\$ 725,562</u>	<u>\$ 61,543</u>	<u>\$ 787,105</u>

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2022	\$ 481,216	\$ 30,767	\$ 511,983
2023	494,965	170,082	665,047
2024	540,795	166,518	707,313
2025	421,637	162,354	583,991
2026	348,308	158,264	506,572
2027-2031	2,135,681	687,340	2,823,021
2032-2036	2,603,147	380,728	2,983,875
2037-2041	774,527	58,934	833,461
Total	<u>\$ 7,800,276</u>	<u>\$ 1,814,987</u>	<u>\$ 9,615,263</u>

Business-Type Activities

Year Ended June 30	Loans from Direct Borrowings		
	Principal	Interest	Total
2022	\$ 124,000	\$ 230,629	\$ 354,629
2023	129,000	225,514	354,514
2024	134,000	220,193	354,193
2025	140,000	214,665	354,665
2026	146,000	208,890	354,890
2027-2031	824,000	949,039	1,773,039
2032-2036	1,008,000	734,569	1,742,569
2037-2041	1,234,000	538,808	1,772,808
2042-2046	1,511,000	262,350	1,773,350
2047	341,000	14,066	355,066
Total	<u>\$ 5,591,000</u>	<u>\$ 3,598,723</u>	<u>\$ 9,189,723</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Year Ended June 30	Pension Obligation Bonds		
	Principal	Interest	Total
2022	\$ 43,784	\$ 2,799	\$ 46,583
2023	45,035	15,475	60,510
2024	49,205	15,151	64,356
2025	38,363	14,772	53,135
2026	31,692	14,400	46,092
2027-2031	194,319	62,539	256,858
2032-2036	236,853	34,641	271,494
2037-2041	70,473	5,362	75,835
Total	<u>\$ 709,724</u>	<u>\$ 165,139</u>	<u>\$ 874,863</u>

NOTE 7: LEASES

Operating Leases

Rental expenses incurred under operating leases are not considered material.

Capital Leases

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

	Stated Interest Rate	Present Value of Remaining Payments at June 30, 2021
Governmental activities	2.576%	\$ 191,001
Total		<u>\$ 191,001</u>

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

	Governmental Activities
Equipment	\$ 501,423
Less: accumulated depreciation	(33,428)
Net Value	<u>\$ 467,995</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 7: LEASES (CONTINUED)

As of June 30, 2021, capital lease annual amortization is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Governmental</u> <u>Activities</u>
2022	\$ 65,162
2023	65,162
2024	65,163
2025	<u>4,418</u>
Total Requirements	199,905
Less: interest	<u>(8,904)</u>
Present Value of Remaining Payments	<u>\$ 191,001</u>

NOTE 8: NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$8,106,990 of restricted net position, of which \$2,402,802 is restricted by enabling legislation.

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2021, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2021, were distributed as follows:

	General Fund	CDBG HOME Grant	Other Governmental Funds	Totals
Nonspendable:				
Investment in JPA	\$ 149,537	\$ -	\$ -	\$ 149,537
Prepaid costs	11,196	-	-	11,196
Loans receivable	-	4,575,330	539,014	5,114,344
Subtotal	<u>160,733</u>	<u>4,575,330</u>	<u>539,014</u>	<u>5,275,077</u>
Restricted for:				
GT repay	-	-	74	74
Cert access	-	-	8,031	8,031
STIP	-	-	1,058	1,058
RST gas tax	-	-	274,754	274,754
SBIEPMT gas tax	-	-	226,831	226,831
Willows lighting	-	-	42,104	42,104
Gas tax 2105	-	-	142,630	142,630

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 9: FUND BALANCES (CONTINUED)

	General Fund	CDBG HOME Grant	Other Governmental Funds	Totals
Restricted for (Continued):				
Gas tax 2107	-	-	42,541	42,541
Gas tax 2107, 5	-	-	5,968	5,968
Recreation reimb	-	-	5,693	5,693
Recreation & culture	-	-	6,236	6,236
Basin street	-	-	195,184	195,184
Community	-	-	63,883	63,883
Mall maintenance	-	-	23,204	23,204
County library	-	-	111,388	111,388
ZIP books state	-	-	1,884	1,884
Home-pi	-	-	2,331	2,331
Northnet train	-	-	4,768	4,768
CLSA delivery	-	-	16,871	16,871
Fire dif	-	-	129,989	129,989
Police dif	-	-	60,278	60,278
LIT passthru	-	-	5,420	5,420
Storm drainage dif	-	-	151,486	151,486
Street development dif	-	-	180,783	180,783
Park facilities dif	-	-	333,153	333,153
I-5 interchange dif	-	-	387,352	387,352
Library dif	-	-	141,490	141,490
State recycle grant	-	-	8,969	8,969
Gas tax 2103	-	-	210,833	210,833
SLESF COPS grant	-	-	46,727	46,727
Subtotal	-	-	2,831,913	2,831,913
Committed:				
General	205,000	-	-	205,000
Subtotal	205,000	-	-	205,000
Unassigned	1,687,219	(8,462)	(447,070)	1,231,687
Total	<u>\$ 2,052,952</u>	<u>\$ 4,566,868</u>	<u>\$ 2,923,857</u>	<u>\$ 9,543,677</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policy

The City Council has not adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN

A. General Information about the Pension Plan

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the City added retirement tiers for the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). Classic employees are generally defined as employees who have been a member of any public retirement system who have had less than a six month break in service. Applicable new hires to the City defined as classic employees as determined by PERS will be subject to the non-PEPRA plan. New non-classic employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new non-classic employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety Police PEPRA	Safety police members hired on or after January 1, 2013
Safety Fire PEPRA	Safety fire members hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety Police	Safety police members hired before January 1, 2013
Safety Fire	Safety fire members hired before January 1, 2013

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan Members if membership date is on or after January 1, 2013) with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

Each Rate Tier's specific provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	3.0% @ 60	60	2.000% to 3.000%
Miscellaneous PEPRA	2.0% @ 62	62	1.000% to 2.500%
Safety	3.0% @ 50	50	3.000%
Safety Police PEPRA	2.7% @ 57	57	2.000% to 2.700%
Safety Fire PEPRA	2.7% @ 57	57	2.000% to 2.700%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous	14.729%	8.000%	0.000%
Miscellaneous PEPRA	7.732%	6.250%	0.000%
Safety	22.437%	9.000%	0.000%
Safety Police PEPRA	13.044%	11.500%	0.000%
Safety Fire PEPRA	0.000%	11.500%	0.000%

For the year ended June 30, 2021, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 340,476	\$ -
Safety	423,493	-

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

The City's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	<u>Proportion June 30, 2020</u>	<u>Proportion June 30, 2021</u>	<u>Change- Increase (Decrease)</u>
Miscellaneous	0.08900%	0.08872%	-0.00028%
Safety	0.07423%	0.07362%	-0.00061%

As of June 30, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 3,742,342
Safety	<u>4,904,689</u>
Total Net Pension Liability	<u>\$ 8,647,031</u>

For the year ended June 30, 2021, the City recognized pension expense of \$1,127,692. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 9,111,773	\$ -
Changes of assumptions	-	(43,030)
Difference between expected and actual experience	573,188	-
Difference between projected and actual earnings on pension plan investments	217,772	-
Difference between City contributions and proportionate share of contributions	-	(215,874)
Amortization due to differences in proportions	<u>-</u>	<u>(124,727)</u>
Total	<u>\$ 9,902,733</u>	<u>(\$ 383,631)</u>

\$9,111,773 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2022	(\$ 38,817)
2023	179,584
2024	159,828
2025	106,734
Thereafter	<u>-</u>
Total	<u>\$ 407,329</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Investment Rate of Return	7.15%
Inflation	2.50%
Salary Increases	Varies by entry-age and service
Mortality Rate Table	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 10: PENSION PLAN (CONTINUED)

B. Pension Liability, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension (Continued)

Long-Term Expected Rate of Return (Continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0.00%	-0.92%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

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

The following presents the City's proportionate share of the net pension liability for the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Miscellaneous	\$ 5,377,684	\$ 3,742,342	\$ 2,391,109
Safety	7,035,422	4,904,689	3,156,221

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

While the City does not directly contribute towards the cost of premiums for retirees except as noted for retirees receiving the 2018 PEMCHA minimum amount per month, premiums do not vary by age. Because actives and retirees under age 65 have the same premiums, there is an implicit subsidy realized, as the younger actives are subsidizing the costs of the older retirees.

Contributions

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Active employees	12
Total	<u>17</u>

B. Net OPEB Liability

The City’s net OPEB liability of \$121,368 was measured as of June 30, 2021, and was determined by the actuarial valuation as of June 30, 2020.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs

The net OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	Last day of the current fiscal year (June 30, 2021)
Actuarial Cost Method	Entry Age Normal Cost, level of percent of pay
Asset Valuation Method	No assets held in irrevocable trust of measurement date
Discount Rates	1.92% as of June 30, 2021, 2.45% as of June 30, 2020
Salary Increase	3.0%
Inflation Rate	2.75% per year
Healthcare cost trend rates	7.00% for 2021, decreasing to 6.00% for 2023, 5.20% for 2024-2069, and 4.00% for 2070 and later years.
Mortality rates	Postretirement mortality rates from 2017 CalPERS experience study.

Actuarial assumptions used in the July 1, 2020 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2020.

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan fiduciary net position (i.e., fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2021 for the City's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balances at fiscal year ending June 30, 2020	\$ 124,199	\$ -	\$ 124,199
Changes during the period:			
Service cost	3,166	-	3,166
Interest cost	2,898	-	2,898
Difference between expected and actual experience	(9,734)	-	(9,734)
Change of assumptions	9,650	-	9,650
Contributions – employer	-	8,811	(8,811)
Benefit payments	(8,811)	(8,811)	-
Net Changes	(2,831)	-	(2,831)
Balances at fiscal year ending June 30, 2021	<u>\$ 121,368</u>	<u>\$ -</u>	<u>\$ 121,368</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability (Continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<u>1% Decrease</u> 0.92%	<u>Current Rate</u> 1.92%	<u>1% Increase</u> 2.92%
Net OPEB liability	\$ 131,020	\$ 121,368	\$ 112,963

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	<u>Current Trend</u> -1%	<u>Current Trend</u>	<u>Current Trend</u> +1%
Net OPEB Liability	\$ 116,891	\$ 121,368	\$ 126,630

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$7,607. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Changes of assumptions	\$ -	(\$ 8,236)
Differences between expected and actual experience	<u>13,882</u>	<u>-</u>
Total	<u>\$ 13,882</u>	<u>(\$ 8,236)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>June 30</u>	
2022	\$ 1,543
2023	1,543
2024	1,543
2025	1,036
2026	(13)
Thereafter	<u>(6)</u>
	<u>\$ 5,646</u>

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 12: RISK MANAGEMENT

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$25,000 retention for liability and the self-insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The City pays an annual premium to NCCSIF for its insurance coverage.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Willows council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CITY OF WILLOWS
Notes to Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 12: RISK MANAGEMENT (CONTINUED)

The participants as of June 30, 2021 were as follows:

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

The City's investment in NCCSIF of \$149,537 is recorded in the General fund. The net change is shown as an income or expense item in these funds.

NOTE 13: OTHER INFORMATION

A. Commitments and Contingencies

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2021 through June 28, 2022, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information
(Unaudited)**

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CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021
Last 10 Years*

Measurement Date**	2013/2014	2014/2015	2015/2016	2016/2017
Proportion of the net pension liability	0.08690%	0.08690%	0.08190%	0.07990%
Proportionate share of the net pension liability	\$ 5,404,643	\$ 5,963,313	\$ 7,089,757	\$ 7,924,460
Covered payroll	1,524,276	1,488,702	1,628,424	1,525,987
Proportionate share of the net pension liability as a percentage of covered payroll	354.57%	400.57%	435.38%	519.30%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	78.00%	74.00%	73.00%

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only seven years are shown.

** The prior year information was combined for both plans

<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
0.08941%	0.08900%	0.08872%
\$ 7,792,418	\$ 8,197,527	\$ 8,647,031
1,036,377	1,007,884	979,663
751.89%	813.34%	882.65%
69.54%	70.03%	69.09%

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

Fiscal Year**	<u>2014/2015</u>	<u>2015/2016</u>	<u>2016/2017</u>	<u>2017/2018</u>
Contractually required contributions (actuarially determined)	\$ 468,134	\$ 748,028	\$ 639,429	\$ 615,648
Contributions in relation to the actuarially determined contributions	<u>(468,134)</u>	<u>(748,028)</u>	<u>(639,429)</u>	<u>(615,648)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,488,702	\$ 1,628,424	\$ 1,525,987	\$ 1,036,377
Contributions as a percentage of covered payroll	31.45%	45.94%	41.90%	59.40%
Fiscal Year*	<u>2020/2021</u>			
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 341,575			
Contributions in relation to the actuarially determined contributions	<u>(3,965,575)</u>			
Contribution deficiency (excess)	<u>\$ (3,624,000)</u>			
Covered payroll	\$ 430,096			
Contributions as a percentage of covered payroll	922.02%			
Safety				
Contractually required contributions (actuarially determined)	\$ 486,198			
Contributions in relation to the actuarially determined contributions	<u>(5,146,198)</u>			
Contribution deficiency (excess)	<u>\$ (4,660,000)</u>			
Covered payroll	\$ 211,764			
Contributions as a percentage of covered payroll	229.59%			

* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only seven years are shown.

** The prior year information was combined for both plans

<u>2018/2019</u>	<u>2019/2020</u>
\$ 683,036	\$ 763,969
<u>(683,036)</u>	<u>(763,969)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,007,884 67.77%	\$ 979,663 77.98%

CITY OF WILLOWS
Required Supplementary Information
City Pension Plan
Notes to City Pension Plan
For the Year Ended June 30, 2021

NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Summary of Benefits or Assumptions

Benefit Changes: None

Changes of Assumption: None

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates were as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll and Direct Rate Smoothing
Remaining Amortization Period	Differs by employer rate plan but no more than 30 years
Asset Valuation Method	Fair value
Discount Rate	7.00%
Payroll Growth	2.75%
Inflation	2.50%
Salary Increases	Varies based on entry age and service
Investment Rate of Return	7.00%

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2021
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Total OPEB Liability				
Service Cost	\$ 3,120	\$ 3,214	\$ 3,405	\$ 3,166
Interest	4,322	4,159	3,739	2,898
Difference between expected and actual experience	-	-	-	(9,734)
Changes of assumption	-	3,926	5,536	9,650
Benefit payments	(12,644)	(11,243)	(8,994)	(8,811)
Net Change in Total OPEB Liability	(5,202)	56	3,686	(2,831)
Total OPEB Liability - Beginning	125,659	120,457	120,513	124,199
Total OPEB Liability - Ending (a)	<u>\$ 120,457</u>	<u>\$ 120,513</u>	<u>\$ 124,199</u>	<u>\$ 121,368</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 12,644	\$ 11,243	\$ 8,994	\$ 8,811
Benefit payments	(12,644)	(11,243)	(8,994)	(8,811)
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>\$ -</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 120,457</u>	<u>\$ 120,513</u>	<u>\$ 124,199</u>	<u>\$ 121,368</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 683,036	\$ 763,969	\$ 951,295	\$ 759,702
Net OPEB liability as a percentage of covered-employee payroll	17.64%	15.77%	13.06%	15.98%

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

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Schedule of Contributions
For the Year Ended June 30, 2021
Last 10 Years*

	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>
Actuarially determined contributions	\$ 12,644	\$ 11,243	\$ 8,994	\$ 8,811
Contributions in relation to the actuarially determined contribution	<u>(12,644)</u>	<u>(11,243)</u>	<u>(8,994)</u>	<u>(8,811)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 683,036	\$ 763,969	\$ 951,295	\$ 759,702
Contributions as a percentage of covered-employee payroll	1.85%	1.47%	0.95%	1.16%

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

CITY OF WILLOWS
Required Supplementary Information
City OPEB Plan
Note to City OPEB Plan
For the Year Ended June 30, 2021

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

Discount Rate:	Decreased from 2.45 percent to 1.92 percent, reflecting the change in municipal bond index rate.
Demographic Assumptions:	Used the 2017 experience study from CalPERS.
Mortality Improvements:	Used the Mortality postretirement rates from the 2017 CalPERS experience study.
General Inflation Rate:	2.75 percent
Salary Increase:	3.00 percent per year
Medical Trend:	Use the Getzen model, published by the Society of Actuaries.

CITY OF WILLOWS
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes and assessments	\$ 2,314,500	\$ 2,314,500	\$ 3,692,522	\$ 1,378,022
Licenses, permits and franchises	270,000	270,000	265,811	(4,189)
Fines and forfeitures	5,000	5,000	6,332	1,332
Intergovernmental revenues	715,440	715,440	725,189	9,749
Use of money and property	39,500	39,500	50,727	11,227
Charges for services	19,436	19,436	145,368	125,932
Other revenues	6,000	6,000	429,138	423,138
Total Revenues	<u>3,369,876</u>	<u>3,369,876</u>	<u>5,315,087</u>	<u>1,945,211</u>
EXPENDITURES				
Current:				
General government	660,057	948,996	995,636	(46,640)
Public protection	1,674,224	2,445,262	2,489,785	(44,523)
Public ways and facilities	711,476	655,654	751,343	(95,689)
Education	226,980	153,193	245,610	(92,417)
Recreation and culture	195,046	133,720	98,609	35,111
Capital outlay	22,650	120,000	15,772	104,228
Total Expenditures	<u>3,490,433</u>	<u>4,456,825</u>	<u>4,596,755</u>	<u>(139,930)</u>
Excess of Revenues Over (Under) Expenditures	<u>(120,557)</u>	<u>(1,086,949)</u>	<u>718,332</u>	<u>1,805,281</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds (Pension Obligation Bonds)	-	-	7,800,276	7,800,276
Payment of pension UAAL from debt proceeds	-	-	(7,800,276)	(7,800,276)
Transfers in	25,500	25,500	106,395	80,895
Total Other Financing Sources (Uses)	<u>25,500</u>	<u>25,500</u>	<u>106,395</u>	<u>80,895</u>
Net Change in Fund Balances	<u>(95,057)</u>	<u>(1,061,449)</u>	<u>824,727</u>	<u>1,886,176</u>
Fund Balances - Beginning	1,111,438	1,111,438	1,111,438	-
Prior period adjustment	-	-	116,787	116,787
Fund Balances (Deficits) - Beginning, Restated	<u>1,111,438</u>	<u>1,111,438</u>	<u>1,228,225</u>	<u>116,787</u>
Fund Balances - Ending	<u>\$ 1,016,381</u>	<u>\$ 49,989</u>	<u>\$ 2,052,952</u>	<u>\$ 2,002,963</u>

The City of Willows issued pension obligation bonds to pay off the Unfunded Actuarial Accrued Liability (UAAL) in the current fiscal year. For purposes of the budgetary comparison schedule, the UAAL payoff is presented as other financing uses.

CITY OF WILLOWS
Required Supplementary Information
Notes to Budgetary Comparison Schedule
For the Year Ended June 30, 2021

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budget to actual results for the General fund and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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

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

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year. The City Manager may authorize transfers from one object or purpose to another within the same department.

NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the fiscal year ended June 30, 2021, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess of Expenditures Over Appropriations</u>
General fund	\$ 4,456,825	\$ 4,596,755	\$ 139,930
CDBG Home grant	-	12,703	12,703

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